

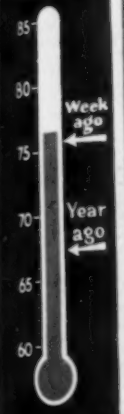
SEPT. 26

9 3 6

BUSINESS WEEK

SEP 29 1936

BUSINESS INDICATOR



McGRAW-HILL
PUBLISHING
COMPANY, INC.

PEACE OR WAR — Stalin interrupts plans for industrial development to prepare with Defense Commissar Voroshiloff (left) the answer to Hitler's conscription of German industry for war.

UNIVERSITY OF MICHIGAN
ALAN ARBOR MICH
GENERAL LIBRARY

olls. W
d by
cushion
rden en
ney dire
lower
the dis
reduce
number
cessive
n the na
as we
But
sooner
a are di
time wh
reduced
At th
y jobs
isery. O
esigned
together
can stru
nt the c
osperity
rd of th
at Britain
business
imposed
new aut
he Unite
t Britain
roximately
to about
No di
living
such di
nge from
er. Six
in Great
8 horse
5 h.p. m
n midge
es costing
vely few
y and th
structure
vince the
an public
iving and
American
an attack
lists" and
ch keeps
mined by
angers in
le lesson
taxation
on jobs
ble and
tell that
peatedly.

New York
three years
McGrawhill
ontgomery
nager
H. Engel
ark R. Pace
I. Carlson
arter Field

S WEEK



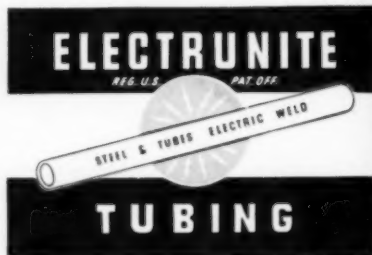
● Tubing, especially electric resistance welded tubing, offers the strongest structural section for the weight involved—it can be fabricated into almost every conceivable shape—it can be used to improve product appearance, to increase strength, to reduce weight or to cut production costs.

Countless products on the market today could be made better—would enjoy greater saleability—through the application of tubing. Yet many manufacturers hesitate because of uncertainty of how they should use tubing, what analyses of steel would be most efficient, what gauge or size would best meet requirements.

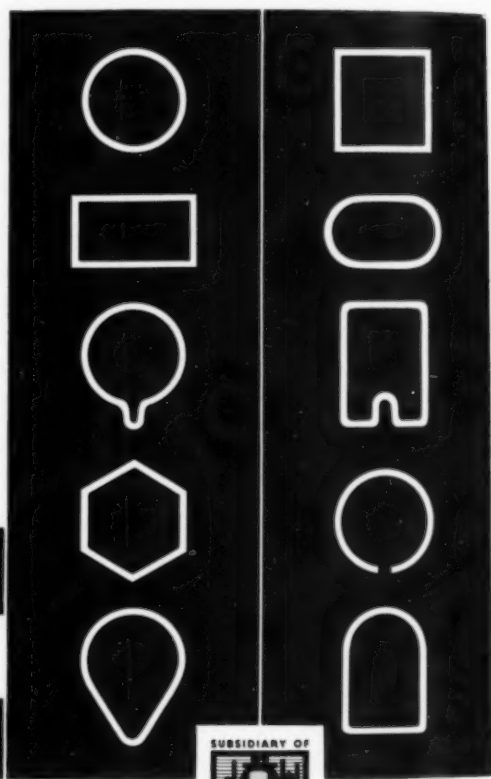
In order that you may realize the greatest benefits from tubing, Steel and Tubes, Inc., offers a broad service. Our engineers will assist you in design or re-design of your product and in selection of proper size, shape and gauge of tubing. They will be glad to study your methods of assembly and fabrication and offer suggestions and advice for greater efficiency in production. Republic metallurgists and the vast resources of Republic Steel Corporation will provide steel of the correct analyses. And the correct shape will be found in the wide diversity available in **ELECTRUNITE** Tubing.

It will be to your advantage and profit to avail yourself of this service. There is no obligation, except to help you. Write, giving full information, and an engineer will be assigned to your problem.

ELECTRUNITE Tubing is made from clean, flat-rolled steel, formed cold to a perfect round (or special shape) and electric resistance welded into boiler tubing, condenser tubing, mechanical tubing, structural tubing or Electrical Metallic Tubing (Steeltubes Conduit). It may be had in various analyses of plain carbon and alloy steel, Enduro Stainless Steel and rail carbon steel. Literature on any type of tubing will be sent upon request.



BUY MORE THAN TUBING...



Steel and Tubes Inc.
CLEVELAND, OHIO

When writing Steel & Tubes, Inc., please address Department BW.

BUSINESS WEEK

New

PRESIDENT B. C. ...
Tractor C ...
\$11,000 ...
full partic ...
day prese ...
unders ...
That's ...
every ci ...
an env ...
in which s ...
or proble ...
an apart. ...
of reader i ...
significant ...
few of th ...
waste basi ...
veniently a ...
employees re ...
they take

THROUGH ne ...
is warni ...
new racket ...
public esteem ...
technique ...
rooming h ...
ent. Likes ...
agrees to r ...
will equip it ...
mattress wh ...
wholesale ...
ays differ ...
ost of the ...
ships.

YOUNG ch ...
petency can ...
mover for ...
Journal, Na ...
ers \$1,000 ...
try proble ...
winner can ...
from his p ...
ish-brown ...
and bever ...
Heat and ...
possibility

THE Los ...
its newsbo ...
playing th ...
makes a g ...
bility help

COL. C. ...
American ...
impressin ...
ties of ta ...
the store ...
price of ...
of the tax ...
It is per

BUSINESS W ...
of Business ...
weekly by M ...
No. 22nd St ...
Pharmacy; M ...
Honorary Ch ...
Editor: R. F ...
\$5.00 a ...
\$7.50 per ...
Entered as ...
Post Office ...
1975 ...
McGraw Hill

SEPTEMBER

New Business

PRESIDENT B. C. HEACOCK of the Caterpillar Tractor Co. believes that the company's 11,000 employees are entitled to the full particulars on important topics of the day presented to them in unbiased, fully understood, entirely factual fashion. That's why, for nearly two years now, every employee has received each month an envelope containing a booklet in which some subject, plan or project, or problem of current interest is taken apart. There has been no check of reader interest but it is considered significant evidence of such interest that few of those booklets are found in the waste baskets that have been placed conveniently at the points where the employees receive them. The conclusion is that they take them home and read them.

THROUGH newspaper ads., the Simmons Co. is warning all and sundry against a new racket which capitalizes on the public esteem for its products. This is the technique: Well-dressed man goes to a rooming house, asks to see room for rent. Likes the room all but the bed. Agrees to rent room only if owner will equip it with Simmons Beautyrest Mattress which he guarantees to obtain at wholesale price. When the owner pays difference between lodging and cost of the Beautyrest, the racketeer skips.

YOUNG chemists in search of a competency can find it by discovering a remover for tannin stains. The trade journal, *National Cleaner and Dyer*, offers \$1,000 for a solution of this industry problem and points out that the winner can expect continuing profits from his product. The stains are yellowish-brown spots caused by tannin in food and beverages dropped on garments. Heat and ironing set the stains beyond possibility of removal.

THE Los Angeles *Times* has equipped its newsboys with small Neon signs displaying the paper's name. The novelty makes a good advertisement and the visibility helps protect the boys in traffic.

COL. C. O. SHERRILL, director of the American Retail Federation, believes in impressing on consumers the hard realities of taxation. He declares that both the store and the buyer profit when the price of merchandise and the amount of the tax is separately stated, and adds, "It is perfectly just and fair to show that

These careful buyers

ADDRESSOGRAPH-MULTIGRAPH
CADILLAC
CENTRAL MFRS. MUTUAL
DE SOTO
DIXIES
EVINRUDE-ELTO
EXIDE
FOOTSAVER
FRIGIDAIRE
GENERAL ELECTRIC
GOODYEAR

HOLLAND FURNACE
JEDDO-HIGHLAND COAL
KELVINATOR
LEONARD
BENJAMIN MOORE
OLDSMOBILE
PITTSBURGH PAINT
REMINGTON-RAND
SAHARA COAL
WESTINGHOUSE
YALE & TOWNE

bought some . . .



then bought some more . . .



Companies in varied fields prove value of "Where to Buy It"—then extend their use of this dealer identification service

They are a few of many companies which know that advertising in the classified telephone directory gets results. Their brand names and trade marks are displayed with the names of their local dealers.

After successfully using this service in selected telephone books, they have gone into added books to match distribution.

Can your prospects easily find your dealers? Use "Where to Buy It" to insure your advertising and make certain.

Get full particulars from American Telephone & Telegraph Company, Trade Mark Service Division, 195 Broadway, New York, or 311 W. Washington St., Chicago.



BUSINESS WEEK (with which is combined The Magazine of Business) September 26, 1936, No. 169. Published weekly by McGraw-Hill Publishing Company, Inc., 1221 Ave. of the Americas, New York, N. Y. James H. McGraw, Jr., Chairman; Malcolm Muir, President; James H. McGraw, Honorary Chairman; Glenn Griswold, Vice-President and Editor; R. B. Putnam, Treasurer; D. C. McGraw, Secretary. \$5.00 per year in U. S. A., possessions, and Canada; \$7.50 per year in all other foreign countries; 25c per copy. Entered as second-class matter February 15, 1928, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U. S. A. Copyright 1936 by McGraw-Hill Publishing Company, Inc.



This Light Can Save 5000 Lives a Year

And it can save the suffering caused by more than 80,000 unnecessary accidents; it can prevent an annual economic loss of more than \$180,000,000—death, injury, waste that are the result of preventable night accidents. This fearful toll can be stopped by the adequate lighting of the primary highways of the nation.

Already the golden-orange, danger-dissipating light of sodium lamps is lifting the terror that lurks on dark roads. As these lamps illuminate more and more miles of highway, they will save thousands of Americans otherwise doomed to meet injury or death in night accidents. Sodium lamps are among the latest of the many aids to safety to which the General Electric Research Laboratory, in Schenectady, has made important contributions.

But research in light is only one of the many fields in which G-E scientists are helping you. The new manufacturing methods which they have developed have reduced the price you pay for necessities. The new products they have provided have stimulated industry, have created new employment, have raised the living standard of the nation.

G-E research has saved the public from ten to one hundred dollars for every dollar it has earned for General Electric

GENERAL  ELECTRIC

the retailer of many kinds of merchandise is, perforce, a tax collector, and the money does not go into his pocket as is so often assumed. A statement of taxes borne by merchandise also tends to create tax-consciousness, which is valuable in controlling excess taxation.

CONQUERING of deadly carbon monoxide fumes from automobile exhausts claimed by a Winnipeg garage mechanic. H's invention is a "can of solidified chemical" to be attached to the engine coil and connected with the intake manifold and which transforms the exhaust gases into carbon dioxide. John Forbes, inventor, has tried it on crows, dogs, and himself. Transformed, the exhaust fumes leave no ill effects.

WITH the development of spun glass (BW — Aug 22 '36, p 21) unexpected twists are given to ancient products. Plymouth Cordage Co., North Plymouth, Mass., announces rope, cord, and strand made of Corning glass yarn. Possibilities in the chemical, electrical, and other industries are indicated by the unique qualities of glass rope. It is proof against fire, corrosive action, decay, water, vermin.

PARIS is now cabling colors to America for the reproduction of fashion creations and they are on sale in department stores here in 48 hours. This innovation is accomplished by means of an apparatus, at each end, about the size of a glass stone bag. It consists of a cabinet containing "color-corrected lights" and a calibrated wheel driven by a motor. These lights are combined to match accurately the color to be cabled, which is then represented by a number. Any one of 300,000 color variations can be expressed and transmitted by wire or radio (BW — Apr 4 '36, p 11). The first color dispatches went to Marshall Field, in Chicago.

JEWELRY interests continue cleverly their promotion of adornments for men's wear. Swank Products greets the season with a "call to colors" for school openings. Swank developed personalized jewelry which permitted the insertion of initials in tie clasps, belt buckles, lapel guards, money clips, etc. The new color line enables one to insert (in such jewelry) school colors, club, fraternity, and other insignia. Retailers meet individual desires with color plaques, numerals, initials.

MOBILE, ALA., joins the parade of cities that have become birthday-conscious. On Oct. 22 and 23 Mobile will celebrate the 225th anniversary of her founding. The senior and junior chambers of commerce sponsor the festivities. A pageant "Mobile under five flags" will dramatize the city's shifts in nationality. They include the sovereignty of France, Spain, Britain, the Confederacy and the U. S.

Washington Bulletin

WASHINGTON (Business Week Bureau)—Week's developments demonstrate that a non-political campaign can produce what, if political, is out, can only be called partisan economics. President's firm commitment to crop insurance looks, at least, slightly political to the people. To some it also looks premature. However, sufficient has been given to subject to indicate that, in long run, insurance may cost government less than permitting emergency rural relief program to become habitual.

Farm organization leaders waiting to be wooed to scheme frankly declare crop diversification is still in form of insurance. Mentioned by Landon at Des Moines, is old-fashioned doctrine, of a multiplier school of agricultural economics, is now recognizable in national policy only to extent that is related to soil conservation and compliance obtained by subsidy.

Congress Will "Yes"

But crop insurance that obviously has its main application to big staple crops opens to farmers and politicians positively alluring prospects of diversification including everything from okra to nuts. The fish course offers some complications but crop insurance is assured of the undying, wholehearted support of any Congress, Democratic or Republican.

Winter Relief Climb

Relief load, raised by drought, is tending to drop off a little but winter close at hand. With WPA rolls at 4,040,000 and factory employment at highest level since September, 1930, only great absorption by industry will prevent climb to another peak next March. Anything less than this year's March WPA total of 3,038,000 will be a gain. It is estimated in a government office that had WPA been operating in 1929 and paying prevailing wages as now, it would have attracted 3,000,000 men.

Tax Repeal Drive Boost

Wide clamor for repeal of nuisance taxes is assured by inadvertent publicity given this factor in price picture by Attorney General Cummings. Retailers consider it smart strategy to capitalize on his misleading warning that anybody disclosing taxes paid to federal government on merchandise runs risk of violating dusty old law resurrected for political purposes.

Which Way Power?

"Crossroads" meeting of Roosevelt and utility executives at White House next week will shape course of future power development. Roosevelt will offer utilities a chance to market

NO TAX REPRIEVE

Date for filing windfall tax returns, due Dec. 15, will not be extended. Individual firms may obtain respite for cause, but regulations will be out about Oct. 1. Processors are worried principally about interpretation put on reimbursement provisions of law. Courts also will have something to say eventually.

cheap government power in return for regional private-public pooling agreements and lower rates. Question is whether industry will trump his club—the impending shortage of private generating facilities in Tennessee Valley.

Non-participation by PWA in power negotiations prompts speculation whether Ickes' municipal projects will be plowed under. That's not likely, whatever the outcome.

Dams Faintly Damned

Incidentally, list of New Deal's dam projects now endorsed by various Republican candidates includes Quoddy in Maine, Grand Coulee in Washington, Casper Alcova in Wyoming. At this rate, the land-on-Roosevelt campaigners will have to start building a few of their own out of campaign funds.

Radio Hearings Still On

Federal Communications Commission stands pat on hearings scheduled to commence Oct. 5, on radio allocations. Networks would just as soon get it over with and decision won't come until after election.

Not Cooperative

Roosevelt's consumer-coop mission has returned from Europe in bitter dissension over what members saw. Disagreement will result in presentation of conflicting reports. President won't permit that to interfere with campaign ballyhoo next month on consumer-cooperative organization drive—to counteract growing resentment caused by rising cost of living

—but investigation tends to confirm past experience that cooperative movement is not likely to gain big foothold in this country. All that distributors have to fear is subsidized operations that, for a time, would encroach on normal outlets.

Consumer Unit Still Kicking

Labor department's consumer unit is at a loose end temporarily, but don't get the idea that it will be "liquidated." The staff does not have money just now to keep baiting distributors but this organization and the AAA consumer's division will move into front line trenches when Roosevelt announces consumer-cooperative program.

Bureaucracy Note No. 1

Last year New York State Electric & Gas Corp. supplied current to U. S. Custom House at North Burke by importing it from a Canadian utility. Now same company wants to serve Canadian Custom House at Homingford, Quebec, but before it can export power to this single outlet it must get Federal Power Commission's approval.

Bureaucracy Note No. 2

For past two years government has levied barrel tax on oil, ostensibly to provide funds to suppress marketing of hot oil, actually to keep track of output. Now, however, government threatens to dump on market alleged hot oil seized for non-payment of barrel and income taxes, turn back remainder to producers. Justice department describes hearing, called on complaint by Texas officials that this legalizes hot oil, as "a meeting for co-operation in law enforcement."

Coal Argument Delayed

Increasing coal production reduces prospect of labor trouble this Winter. Operators will make no issue as long as orders flow in. But trouble will be brewed at coal wage conference in February when attempt will be made to negotiate contract for year beginning Apr. 1. John L. Lewis is prepared to demand six-hour day, five-day week; mechanization of loading goes ahead at record rate.

A Knox Knock—and Boost

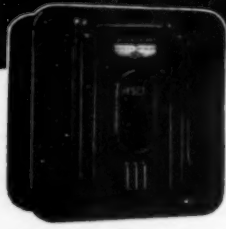
Col. Knox' insurance speeches are proving two-edged sword. Big insurance officials, frightened at Roosevelt spending with its possibility of inflation, and dismayed at low interest rates that cut earnings, silently applaud them. But insurance salesmen are running into stiffer sales resistance as result of fear Knox engendered. Salesmen outnumber executives, so unless policy holders turn against Roosevelt it may prove a boomerang.

FOR SINGLE PHASE
MOTORS
UP TO 1½ H. P., 220 VOLTS



New CUTLER-HAMMER PUSH BUTTON CONTROL

With Thermal Overload Protection



**BULLETIN 10172
STARTER SWITCH**

Identical with Bulletin 9103 except that it does not have stop button. Has thermal overload protection — reset by pushing start button. Silver twin-break self-aligning contacts. Modern design and appearance. Price only \$5.00 list.

**FOR FRACTIONAL H. P.
MOTORS C-H BULLETIN
9101 MOTOR CONTROL**



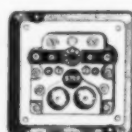
A complete unit of motor control. Only 2½ x 2½ x 4¼. Extra long push buttons. Free-tripping overload protection. Reset automatically by pushing start button. Silver contacts. Top, surface or cavity mounting. Price only \$2.90 list.

To completely modernize the operation and appearance of motorized machines using single phase A. C. motors up to 1½ h. p., 220 volts, Cutler-Hammer announces the new Bulletin 9103 Motor Starter Switch.

Modern in design, construction, operation and appearance, it provides features hitherto available only in larger, more costly starters. Convenient push button operation. Famous Cutler-Hammer Thermal overload protection (the most adequate protection ever devised). Resetting of thermal overload relay after tripping simply by pushing the start button (nothing to replace, nothing to adjust). Self-aligning twin-break silver contacts (no pigtailed, much longer life). Big, self-centering buttons enclosed

in common well for simple, fool-proof operation even with gloved fingers. Extra small size yet ample wiring space. Handsome, modern appearance. All-metal "airstyled" enclosing case. Flake-proof black finish. Extra low price.

Ask for C-H Bulletin 9103—carried in stock by leading independent electrical wholesalers everywhere. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1275 St. Paul Avenue, Milwaukee, Wisconsin.



4½ x 4½ x 2½, yet ample wiring space.

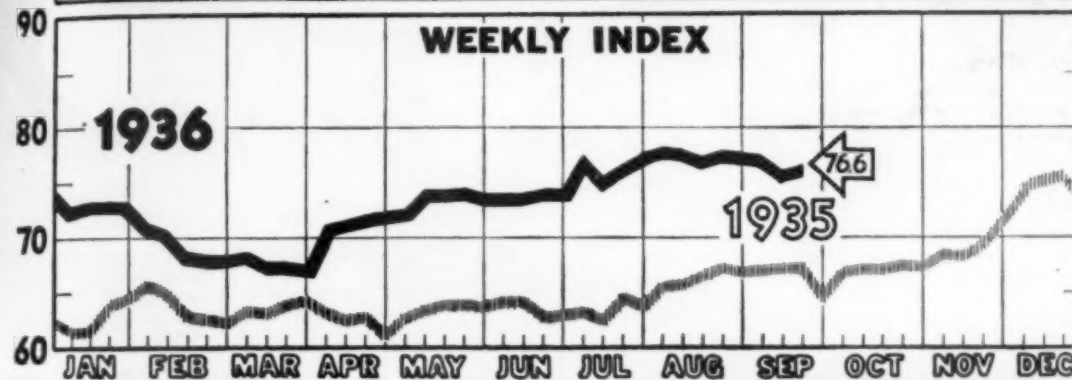
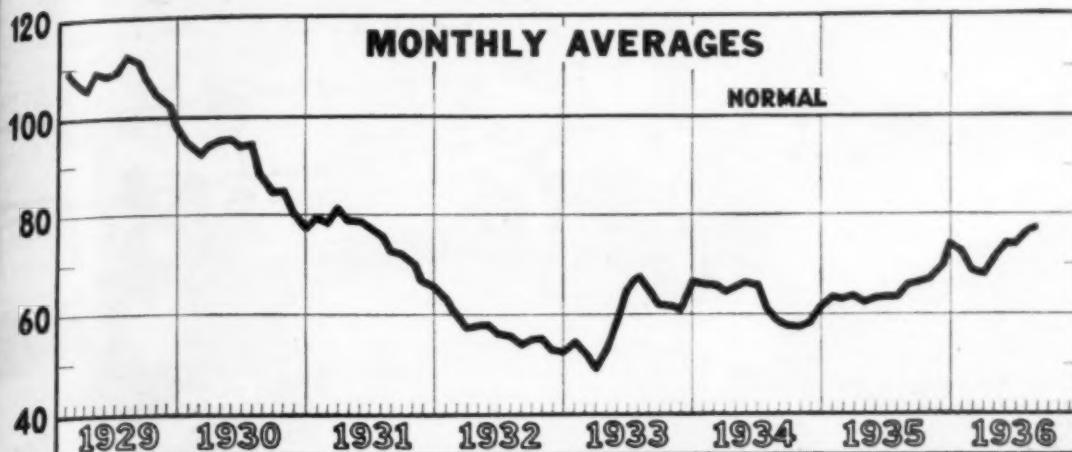


Pushing "start" button resets thermal overload relay.

CUTLER-HAMMER MOTOR CONTROL

STARTS ★ STOPS  REGULATES ★ PROTECTS

BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
BUSINESS WEEK INDEX	*76.6	†76.0	77.8	67.1	62.4
PRODUCTION					
*Steel Ingot Operation (% of capacity)	74.4	72.5	72.5	48.9	31.6
*Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis) . .	\$10,913	\$10,392	\$10,944	\$6,003	\$5,828
*Bituminous Coal (daily average, 1,000 tons)	*1,558	†1,369	1,290	1,398	1,228
*Electric Power (million kw.-hr.)	2,171	2,029	2,126	1,652	1,657
TRADE					
Total Carloadings (daily average, 1,000 cars)	133	127	123	117	112
*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	84	81	76	71	71
*Check payments (outside N. Y. City, millions)	\$4,594	\$3,145	\$4,119	\$3,934	\$3,378
*Money in Circulation (Wednesday series, millions)	\$6,255	\$6,276	\$6,164	\$5,632	\$5,440
PRICES (Average for the Week)					
Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.22	\$1.23	\$1.26	\$1.17	\$1.80
Cotton (middling, New York, lb.)	12.28¢	12.47¢	11.96¢	10.90¢	9.42¢
Iron and Steel (Steel composite, ton)	\$34.22	\$34.10	\$33.94	\$32.83	\$30.96
Copper (electrolytic, Connecticut Valley basis, lb.)	9.750¢	9.750¢	9.750¢	9.000¢	8.050¢
All Commodities (Fisher's Index, 1926 = 100)	84.1	84.2	84.1	85.2	73.7
FINANCE					
Total Federal Reserve Credit Outstanding (Wednesday series, millions)	\$2,495	\$2,482	\$2,457	\$2,472	\$2,168
Total Loans and Investments, Fed. Res. rep't'g member banks (millions) . . .	\$22,614	\$22,433	\$22,258	\$20,410	\$19,509
*Commercial Loans, Federal Reserve reporting member banks (millions) . . .	\$5,418	\$5,347	\$5,237	\$4,873	\$5,830
Security Loans, Federal Reserve reporting member banks (millions)	\$3,241	\$3,280	\$3,132	\$3,064	\$4,240
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$1,203	\$1,241	\$1,108	\$1,003	\$978
Stock Prices (average 100 stocks, <i>Herald-Tribune</i>)	\$122.50	\$122.22	\$120.36	\$106.32	\$99.93
Bond Prices (Dow, Jones, average 40 bonds)	\$104.78	\$104.62	\$103.72	\$96.36	\$88.96
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange . . .	1%	1%	1%	¾%	1.1%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	¾%	¾%	¾%	¾%	1.4%
Business Failures (Dun and Bradstreet, number)	130	110	135	164	316
*Factor in Business Week Index *Preliminary †Revised.					

This Weekly Index of Business Activity is covered by the general copyright on the contents of *Business Week* and may not be reproduced without special permission.

Business Week



A CHEST PROTECTOR ON THE AUTO SKOOTER STEPPED UP SALES AND SAFETY

A typical example of Goodrich development in rubber

● Sales were down at the Auto-Skooter booths in amusement parks. The modern youngster demanded more speed and thrill when he sent his miniature electric car hurtling into his fellow riders.

But allowable impact was limited by strength of the huge steel spring around each car.

Steel could stand no more—but rubber could. So the 1936 model of skooter is equipped not with steel but with rubber—a wide strip of it—which permits greater speed and heavier impacts with safety to equipment

and delight to the young customers.

One more proof that rubber, as Goodrich knows how to compound it, can often stand more punishment than the toughest steel.

It was ability to take punishment that made possible rubber lining for ore chutes (Goodrich rubber in that service often outlasts steel 10 to 1), rubber covered sand blast helmets (steel wore out in a few hours, Goodrich rubber lasts for months), rubber ball mill linings that outlast manganese steel, rubber heels that outwear leather,

rubber bearings that outlive bronze.

Rubber, as Goodrich can make it today, is not always the product you used to know. It is a *new material* with a score of new properties and infinite possibilities to improve, cheapen, strengthen your product or process. The B. F. Goodrich Company, Mechanical Rubber Goods Division, Akron, Ohio.

Goodrich
ALL products problems IN RUBBER

The
BUSINESS
as comp
the new m
next three
new high
power, the
other spun
speculativ
made last
second be
however,
warm we
motions,
year in so
D
Durable
summer si
1933. Fro
of norma
Federal R
producer
rushed up
July, while
gained onl
86%. Sin
have unqu
pace as te
food indu
fall season
Set
Absence
motor ma
week will
production
despite th
stepping
possible.
aside \$14
duction f
which wi
tools, and
ments. T
was spe
plant exp
Pri
It's a l
impression
are going
in the h
but quot
to be o
leaving
later in
keep clin
T
Tire p
counting
some 55,
figures a
ment o
the dep
have bee
August,
SEPTE

The Business Outlook

BUSINESS is back on the job, vacation-days well behind. Detroit has completed its 1936 run, and is gathering momentum on the new models. More than a million cars are scheduled for the next three months. At 74.4% of capacity, steel has reached a new high for the year, expects to do more climbing. Electric power, the fair-haired boy among business performers, put on another spurt last week which carried output to a new all-time peak. Speculative building activity, particularly in the northeastern states, made last week's contracts the second best this year. Retailers, however, are complaining about warm weather stunting fall promotions, forcing sales below last year in several sections.

Durable Recovery

Durable goods enjoyed the best summer since the artificial bulge in 1933. From the March low of 72% of normal, as computed by the Federal Reserve Bank of New York, producer goods industries had rushed up to 88% of normal by July, while consumer goods industries gained only four points to a level of 86%. Since July, the consumer lines have unquestionably stepped up the pace as textiles, apparel, motor, and food industries get under way for the fall season.

Set for New Model Run

Absence of Ford from the ranks of motor makers assembling cars this week will probably result in a drop in production figures to the year's low, despite the fact that other plants are stepping up operations as rapidly as possible. General Motors has set aside \$14,500,000 for improving production facilities for Buick, most of which will go for new machinery, tools, and rearrangements of departments. Two years ago, an equal sum was spent for modernization and plant expansion.

Prices on a Par—But

It's a bit early to get any definite impression on what automobile prices are going to be like next season. Cuts in the higher brackets may appear, but quotations generally are expected to be on the par with last year, leaving room for possible increases later in the season if raw materials keep climbing.

Rolling to a Record

Tire producers, despite strikes, are counting on having made and shipped some 55,000,000 tires when the year's figures are totalled, a 10% improvement over 1935 and 37% better than the depression low of 1932. Stocks have been cut to the lowest level since August, 1933. With Goodrich's can-

MILLION MORE JOBS

Every month this year manufacturing industries have put more men on the payrolls. Result: total employment for August was back at the level of September, 1930. Seventy-one of 90 manufacturing industries increased both the number of the employees and the total wages paid. Ten of 16 non-manufacturing industries did the same. All told, last month these 106 industries employed nearly a million more persons than a year ago; disbursed nearly \$42,000,000 more in wages weekly.

cellation of its contract to supply Standard Oil of N. J. with Atlas tires coming on the heels of the Goodyear-Sears, Roebuck break, small plants are reopening to supply the demand for private brands. Trade interests see the possibility of an intensified rather than diminished price competition as a result of these maneuvers dictated by the Robinson-Patman law.

New Uses Lift Rubber

Rubber consumed in the United States will reach another new high this year, estimated at close to 570,000 tons. In the first eight months, rubber was being absorbed in 15% greater volume than in the same months of 1935. Explanation for the boom lies both in the greater quantities required by the tire industry and also in the expanding use of rubber in other lines—for hose, belting, mounting of automobile engines and a host of other items.

Speculation Back in Building

Speculative building is becoming increasingly important in the construction field after a long absence. Apartment houses and large real estate developments are making their appearance in New York and New Jersey. This activity, plus a continuing strong demand from industry for additional plant facilities, helped bring the September construction

volume ahead of the preceding month and 72% ahead of last year, according to *Engineering News-Record*.

New Cars for New Trade

That the modernization drive has lost little of its urgency is apparent from the situation among transit companies in 548 cities surveyed by *Transit Journal*. Buying of new trolley cars, trolley buses, and gas buses this year is expected to set a new record. Equipment is being ordered faster than manufacturers are prepared to produce and deliver. With increased purchasing power leading to increased buying at retail stores city transit traffic has been lifted nearly 10% ahead of last year. Consequently, in the belief that new cars invite even more patronage, the industry has been encouraged to plan expenditures of \$300,000,000 for new equipment in the next five years.

Modernization in Industry

Within industrial plants, the modernization and mechanization of equipment continues at a good pace. Witness the 49% increase in machine tool orders for the first eight months of 1936. In addition, the new orders placed for industrial trucks and tractors have run 52% ahead of the first eight months of 1935.

—And Also in the Home

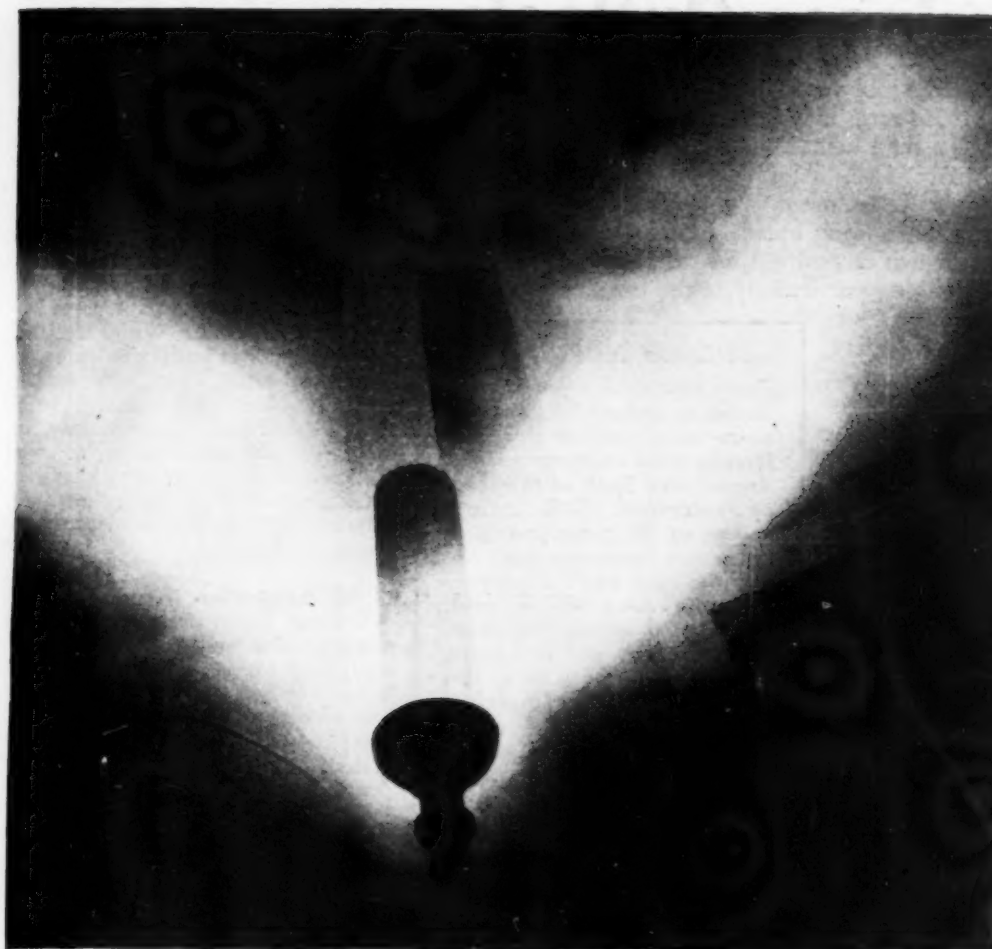
Similarly, home modernization appears to have suffered no sag. By August, electric range manufacturers had sold more products than in the entire year 1935 which itself was a new record. With 202,987 ranges sold so far, a 47% increase over the same months of 1935, the industry chalks up 1936 as a banner year. Unit prices are up \$3 this year.

Washers' All-Time High

Washing machine manufacturers broke all records for any month with their August sales of 173,678 machines. If the more than 30% increase attained up to September holds for the rest of 1936, another record year will have been achieved—more than 1,800,000 machines sold.

Wholesale Prices Steady

The general level of wholesale prices is holding very steady, showing a gain of less than 5% from the low in May to mid-September, despite the 14% rise in farm products resulting from the drought. Current farm products prices are only 4% above those of last year, and food products are actually 4% under a year ago. Prices of goods outside of farm and food products—substantially representative of manufactured goods—have advanced only 1% since their June low.



Costs—Sales—and Whistles

COST SHEETS and sales sheets on executives' desks. . . . They hold many a whistle-cord—the decision that either calls an industry to work or compels it to remain idle.

In a wide range of manufactories it can well be said that "Moly blows the whistle". . . because it is through the use of Molybdenum irons and steels that their production costs are kept within bounds that permit profitable competitive selling.

Molybdenum irons and steels reduce fabrication costs—in heat-treating, forging, carburizing, machining, nitriding. They assure greater uniformity of

product . . . a consistently higher standard of quality. Through excellence and dependable performance they lead to priceless customer good-will and inevitably to increased sales.

If your business involves ferrous materials or ferrous fabricating, investigate Molybdenum. Its versatility in improving iron and steel is a matter of record in many industries.

We invite administrative, sales and production executives to send for our non-technical book, "MOLYBDENUM IN INDUSTRY." Climax Molybdenum Company, 500 Fifth Avenue, New York City.

MOLY

CUTS COSTS

CREATES SALES

INSUR
Farm
campe
make

WASHINGTON
This has b
onal calend
there two ca
ive pointed
At Washi
used propo
page 10),
government
insurance pr
work out a
nent schem
recommenda
Marvin Jon
Agriculture
with Sen. F
remedy the
ected step
program to
At Des
ined his ri
charged tha
ad none at
that the Ro
ash benefit
of having
pluses in
thereby equ
dustry. Th
ment to th
make it po
grow on fee
scribs. The
of crop ins

PLOUGH
stands at
of the A

SEPTEMBER

SEPTEMBER 26, 1936

Insuring Crops—and Votes

Farm policy takes the center of the stage as election campaigns bring promises which, if fulfilled, would make broad economic changes in the farm market.

WASHINGTON (Business Week Bureau) — This has been Farm Week on the national calendar and business has looked for two candidates for the Presidency to be pointed.

At Washington, Mr. Roosevelt released proposals for crop insurance (page 10), instructed one committee of government experts to draft a crop insurance program, named another to work out a long-term drought adjustment scheme, with specific legislative recommendations. He also requested Marvin Jones, chairman of the House Agriculture Committee, to get together with Sen. Bankhead on legislation to remedy the farm tenancy problem, neglected stepchild of Roosevelt's farm program to date.

At Des Moines, Gov. Landon outlined his rival farm policy—though he charged that the present Administration had none at all. Cheering farmers heard that the Republicans would give them cash benefits to offset the disadvantages of having to sell their exportable surpluses in unfavorable world markets, thereby equalizing the tariff's aid to industry. They were promised an amendment to the Farm Warehousing Act to make it possible for the farmer to borrow on feed reserves stored in his own cribs. They were told that the question of crop insurance would get "fullest at-

tention" from the candidate, as would the matter of farm-purchasing aid for capable farm tenants. And there was a pledge that "all outstanding obligations made by the present Administration"—meaning relief checks—would be fulfilled.

Program Developing Fast

Business remembered that there was an election campaign on but found more significance than that in this advance into its farm market of politicians bearing gifts. Because he can act while Mr. Landon can only promise, the President is in a superior strategic position—omitting the question of whether or not that position has been weakened by broken promises in the past—so business looked first to the significance of the Washington developments. Washington thought that one result of the political exchange had been to reveal the full flowering of the New Deal's farm program.

There it is apparent from the turnover in personnel of the experts whom Mr. Roosevelt has picked to develop specific proposals that he has tried to assemble a group that will play the same tune. Study of these farm subjects in the past has not produced any unanimity of practical plans of action. Evidently marking Tugwell as the principal element of discord, the President hasn't called him in when there is work to be done.

Morris Cooke, head of the Rural Electrification Administration, now seems to be the Administration's fair-haired boy. In the makeup of the new drought com-

mittee, Cooke remains as chairman but Tugwell has been dropped. Just recently Cooke prevailed on the President to give him the services of John M. Carmody, a member of the National Labor Relations Board, to carry on administration of REA, while Cooke was busying himself on the vaster problem of "the efficient utilization of the resources of the Great Plains."

Mr. Cooke is hipped on the subject of small dams, believes that control and distribution of available water supplies can be achieved much more readily by thousands of puddles at the source than by a few huge structures such as Boulder Dam. He staged a conference in Washington this week that is bound to raise his "little waters" to an important place in the program that his committee is now scheduled to submit to the President next Jan. 1.

In the main, the recent report of the first drought committee could not have been worth much, in the President's estimation, as the new committee is charged with reviewing the whole subject for "amplification." As in all such



PLOUGHED UNDER?—Under-Secretary Rexford Tugwell still stands at Secretary Wallace's right hand in the official lineup of the Administration on the farm front but Morris L. Cooke

(left), chief of Rural Electrification, temporary drought specialist, and general agricultural handyman, now seems to be replacing him in the farm picture as seen from the White House.

documents, it failed principally in being specific.

Followed by a denial by Secretary Wallace that it was timed to take the punch out of Candidate Landon's Des Moines speech, the President's announcement definitely anticipating a government crop insurance program didn't seem to click with farm organization leaders. As the Wallace committee is instructed to formulate its legislative recommendations with advice and assistance of such leaders a long controversy is likely.

Over Organization Heads

The farmers' attitude can't be appraised until it is down in black and white, so the President's move can fairly be taken as an attempt to carry his views over the heads of the organizations which regard crop insurance as contrary to the policy of the Soil Conservation Act, in that the law encourages sound farm management practices while insurance coverage would tempt the farmer to regard his responsibility more lightly. In the case of a crop of low quality, many farmers, for example, might consider their insurance sufficient to take care of their needs without exercising their best efforts to salvage as much as possible of the crop.

None of the farm organizations adopted recommendations or resolutions regarding crop insurance at their last meetings, excepting the Farmers Union which did urge such protection at the Democratic convention in Philadelphia. The American Farm Bureau Federation is sympathetic to the idea but has gone no further than to recommend study of the subject. The initiative taken by the President will smoke out the real views of what is the strongest lobby in Washington. There is more than a suspicion that the farm bureaus hope to jockey the Administration into substituting cash payments for the "in kind" proposal.

Starter Crops

The President's belief that it may be wise to limit application of the insurance plan to one or two major crops as a starter suggests the selection of cotton, wheat and corn. Cotton is adaptable to payment of both premiums and insurance in kind. It can be stored indefinitely without damage. The cost of storing grain not only is higher, over a period of three or four years, but weevils and other pests do great damage. Moving the grain for airing also involves expense and results in a certain amount of crackage. Storage of fruits and vegetables for any long period is not practical because of the expense of refrigeration. Processing is practical but the farmer would probably object to taking his indemnity in cans.

The all-risk (but not full-risk) clause of the President's program is regarded

How Crop Insurance Plan Would Work

Tentative crop insurance plan which formed basis of President's announcement this week, provides for insurance "in kind" covering the three staples—wheat, corn, and cotton—on which the statistical basis furnished by AAA's crop-control program is most complete.

As drawn, the plan would be applied like this: Each farmer would be rated at his average crop for the past six years, as a base. If, when insured, he harvests less than 75% of this average he will get the difference between what he harvests and the 75% figure. If he harvests more than the average he will pay a premium calculated on the amount his individual farm should set aside to meet its deficiencies (on the 75% basis) over the six-year period. All premium payments by farmer would be made in kind, with the option of receiving benefits in cash at current market.

Example: A farmer's harvest shows return of 6,000 bu. in six years, or 1,000 bu. annual average. Same data show one year at 650 bu., one at 700 bu., one at 900 bu., three at 1,250 bu. Total deficiency under 75% of average is 150 bu. for the six-year period. Total surplus over 100% of 1,000-bu. average is 750 bu. Farmer's annual premium, payable only when yield exceeds average, must provide 150 bu. out of 750 bu., or 20% of surplus whenever he has one.

Possible Bugs

Insurance plan must be generally participated in or administration costs will be too high. Roosevelt's stipulation is to hook to soil erosion, take both or neither.

It requires annual inspection of crops on each insured farm to determine yield. This would be done by existing county committees under soil erosion program.

To insure proper base, average should be recalculated annually until base is extended to at least ten years. This would also be the job of county committees.

The plan would require constant adjustment with changes in acreage planted, which would also depend on local committees.

It leaves way open for farmer to stop all fertilization and pest control, depend on insurance to bring him out. But nature may do him dirt and leave him with a crop over 75%.

It will kill private hail insurance unless farmer wants to safeguard himself against risk that will convert full crop into 75% crop.

with the greatest skepticism. Under the farmer would be insured up to 75%. The skeptics say that 60% is the highest figure that could be justified by actuarial data. It is the lack of actuarial data that presents the greatest problem. Another debated procedure is the basing of preliminary calculations on 6-year records, answered by critics with the statement that ten years would be needed for even relative safety. But Sec. Wallace insists that the government can afford to adopt a basis that wouldn't be possible for private companies, that the government will be ahead if insurance losses are less than the cost of relief.

Big Board Splurges

New York Stock Exchange buys its first space to advertise explanatory publicity pamphlet.

THIS week, the New York Stock Exchange broke a precedent. It advertised—for the first time in its 144 years of existence.

There was nothing blatant about it—just a simple announcement of a 37-page, paper-bound pamphlet, describing the functions and operations of the nation's premier marketplace for securities.

The exchange has distributed literature before—principally speeches of its presidents. Particularly was this done when the Exchange was under severe political attack.

In the past, only those who knew about some published speech, either from reading extracts in the public prints or from hearsay, were in a position to request it. Now, the Exchange wants the whole United States to know it has on its shelves a pamphlet entitled: "New York Stock Exchange—Its Functions and Operations."

The advertisement states that it will be "furnished free upon request." The announcement is appearing in 350 to 400 daily newspapers—all those in cities of more than 50,000 population. The notices will be staggered over a three-week period.

During the war, the Exchange participated in an advertising campaign for Liberty Bonds, but that drive was not institutional in any sense of the word. It was patriotic, contained no mention of stock market functions, practices or facilities.

The London Stock Exchange advertises; but individual brokers do not, whereas in the United States it is customary for brokers to advertise as freely as their budgets permit.

At present, the Stock Exchange does not contemplate further advertising after this single splurge. But it may repeat the performance, if the public demand warrants an encore.

Beating Business stepping case di

York has go
ade Com
issue fir
on of the
discrimination
generally are
prospect as th
In the fir
obvious abo
apparently st
ing for i
since July
issued three
compiled fr
ation" in
ation and
Each has re
not opinion,
FTC consid
not tighter
ing allow
ble. A fo
tion of th
ndment i
works.

Business
The sec
a little less
impending
significant
that when
in motion
means it v
that. It d
ing FTC
and to bu
lients as f
side of th
long dela
until the
brought b
The w
and busin
it can sid
sideration



NO DI
titan in
last we
room a

Beating the Gun on Price Law

Business men and lawyers weigh possibility of sidestepping Trade Commission and taking picked test case direct to court under Declaratory Judgments Act.

It has gone around that the Federal Trade Commission is now almost ready to issue first complaints charging violation of the Robinson-Patman anti-price discrimination law. But business men generally aren't as excited about that prospect as they once were.

In the first place, they are frankly dubious about the rumor, for FTC is apparently still having a tough time deciding for itself what the law means. Since July 15, the commission has issued three separate editions of "data compiled from public sources of information" in connection with its interpretation and administration of the law. Each has reflected some significant shift of opinion, the last one indicating that FTC considered the brokerage ban a tighter and the regulation of advertising allowances somewhat more flexible. A fourth revision of this compilation of the evidences of legislative intent is now reported to be in the works.

Business on the Offensive

The second reason why business is a little less than thrilled at the news of impending FTC activity is a much more significant one: Business has decided that when the machinery is finally set in motion to find out what the law means it would like to have a hand in that. It doesn't like the idea of allowing FTC to choose its own test cases and to build up a line of judicial precedents as favorable as possible to its own side of the case. And it doesn't like the long delay, inherent in that procedure, until the real guts of the issue are brought before the high courts.

The wish is father to the thought, and business has a definite idea of how it can sidestep FTC, expedite court consideration, and directly influence the

law's ultimate judicial destiny. An action brought under the federal Declaratory Judgments Act of 1934 would, it is argued, accomplish this threefold objective. And so it would, but there is no guarantee that the courts would hear such a case. Lawyers disagree on the point; the few precedents are contradictory and confusing; the whole problem revolves about the uncertain item of judicial discretion.

The Declaratory Judgments Act, modeled after long-standing state laws, provides simply that "In cases of actual controversy except with respect to federal taxes the courts of the United States shall have power upon petition, declaration, complaint or other appropriate pleadings to declare rights and other legal relations of any interested party petitioning for such declaration, whether further relief is or could be prayed, and such declaration shall have the force and effect of a final judgment or decree and be reviewable as such."

An action brought under this act must be possessed of all the characteristics of a common lawsuit, except that

the suit does not seek execution or performance by either party. The merit of bringing action under the Declaratory Judgments Act rather than relying on more ordinary legal routine lies in the fact that the proceeding is almost wholly a paper one; no question of fact is involved, only that of legal interpretation. Hence, it offers a direct, speedy, and relatively inexpensive avenue of judicial relief, though admittedly ascertainment of the full facts and preparation of the allegation in a Robinson-Patman action would be a vastly complex job.

In 14 cases appealed under the act since its passage two years ago, the courts have taken jurisdiction in nine. The other five were dismissed because they were lacking in one or more of the qualifications of a bona fide suit.

To have any assurance of a hearing under the law, a prospective plaintiff must first of all make certain that his suit constitutes a controversy involving adverse claims presented in "such a form that the judicial power is capable of acting" (*Muskat vs. U. S.*). Secondly, "the person raising it must have a real interest and there must be someone having a real interest in the question who may oppose the declaration sought" (*Miller vs. Miller*). In other words, when the defendant has no power to affect the plaintiff's rights, when he is not competent legally to jeopardize them, the courts are likely to throw the case out.

"Ripening Seeds" Justify Suit

Finally, the controversy must be an actual one. The danger to the plaintiff must be present, not contingent on the happening of hypothetical events. However, in this connection, one important decision rendered by the Pennsylvania Supreme Court has taken cognizance of "the ripening seeds" of controversy as a justifiable ground for action.

In view of these requirements, vague and abstract as they are, subject only to exact determination by a particular judge in a particular case at a particular time, what are chances for using



NO DIRGE FOR DURANT—William C. Durant, automobile titan in the early days, bounced back into the business news last week as he opened a combination food market and lunch room at Asbury Park, N. J. Mr. Durant (who is pictured at top,

trying his hand at a bit of dish-drying) is featuring a "five-cent lunch" in which each portion of food costs a nickel. The building was built during boom years for display of motor cars, at a cost of \$250,000, and is nicely arranged for conversion.

the Declaratory Judgments machinery against FTC in securing early verdicts on various phases of the Robinson-Patman act?

One large group of lawyers holds that as against FTC they are virtually nil. Included in this group is Gilbert H. Montague, who besides advising many manufacturers and distributors under the Act is also legal counsel for the National Food & Grocery Conference Group. Mr. Montague admits that conceivably a test case involving two individuals—a manufacturer and a dealer for example—might be devised which would conform to all apparent requirements, but as regards a case involving an individual and FTC, he points out that "the commission has no judicial powers but exercises only the administrative functions delegated to it, hence no issue involving the commission could be presented in such form that the courts would be able to take jurisdiction."

No Injunctions Against FTC

He lays further stress on the fact that the district courts have repeatedly refused to issue injunctions against the commission on the grounds that the jurisdiction of the Circuit Court of Appeals "to enforce, set aside, or modify orders of the commission," as provided by the FTC law, is exclusive and complete.

Equally emphatic are the lawyers who maintain the opposite point of view. Notwithstanding the general principle that nothing the commission does before the issuance of its cease and desist order is subject to court review, they argue that the threat of FTC proceedings can be shown to affect a plaintiff's rights and vitally endanger his business, thus creating an actual, bona fide controversy.

A Right to a Ruling

Nathan Boone Williams, former legal counsel for the National Association of Manufacturers, who is at present advising mail order interests on the possibility of just such action, emphasizes this point by saying, "There is neither justice nor sound public interest in the view that a defendant business must incur the long delay and expense of a Trade Commission hearing and inquiry on plain facts and issues before having its rights judicially determined."

Finally, these lawyers point out that, although the exclusive powers of the circuit courts "to enforce, set aside, or modify orders" may have proved sufficient in the past to restrain other courts from issuing injunctions, they are not sufficiently exclusive to deny competent petitioners the right to a hearing under the Declaratory Judgments Act, which does not seek to force or restrain the execution or performance of any overt act by the commission, but only to ob-

tain a determination of legal issues at stake in a dispute of vital proportions.

In weighing the applicability of the federal Declaratory Judgments Act to issues raised under Section 3 of the Robinson-Patman law, legal minds focus on other considerations. Here, there is no question of whether the courts *could* make a declaratory ruling—only the question of whether they *would*. Section 3 is a criminal statute, enforced by the Department of Justice, and the courts are reluctant to interfere with established processes of criminal law.

The clash of the lawyers on this point, however, is of only academic in-

erty by reason of anything forbidden in the anti-trust laws may sue without respect to the amount in controversy, and shall recover threefold damages by him sustained, and the costs of the suit, including a reasonable attorney's fee."

This provision, definitely shown to have real teeth in it during the past decades, opens the door for devastating racketeering. Suppose that six or eight or ten years from now the Supreme Court holds that a particular count or allowance granted a large buyer was and is discriminatory violating the Robinson-Patman law. The chance of collecting triple damages running back throughout the entire period (depending on the statutes of limitations that prevail in the various states) on behalf of an entire group of small buyers is one that sharp-eyed lawyers are likely to find inviting. The threatened aggregate penalties are staggering, and even the sum for which the manufacturer may be able to settle out of court, including a big split for the attorney, may prove too much to bear.

Little Men March On

Although these are problems which give business generally considerable pause, they are no worry to the triumphant little men who put the law across and who are spreading the table for bigger and better legislative subsidies in the impending sessions of Congress and the state legislatures.

The annual meeting of the National Association of Retail Druggists in Pittsburgh this week was a real victory march; the meeting next week of the National Wholesale Druggists Association in White Sulphur Springs, W. Va., is likely to partake of the same flavor.

In four years, the N.A.R.D. has grown from 8,000 to more than 20,000 members, and each of them is kept regularly informed of what to tell their congressmen. The association boasts that in the primaries all but one of the congressmen who voted for the law and for whom active druggist support was solicited have been renominated. And now the association offers an award to the state delegation which does the best job of electing chosen representatives. The last issue of the association *Journal* comes out virtually flat-footed for Roosevelt.

Having tasted the heady wine of political power, the N.A.R.D. is all set to go to town—on state fair trade laws, on state anti-price discrimination statutes, modeled after the Robinson-Patman measure and designed to plug the intrastate-interstate gap, and on Senator Tydings' National Fair Trade Enabling Act, a federal law which would relieve manufacturers of the necessity for domestication in each state in which they wish to sign price stabilization contracts in accordance with that state's laws.

Table 12.—Percentage of 4136 Observed Establishments in 73 Selected Cities Reporting Specific Modernization Needs. ALL KINDS OF STORES INCLUDED

Modernization Recommendations	Stores Reporting	Percentage
REPAIRS		
No recommendation	1346	32.6
Repair floors	1739	42.1
Repaint or refinish	509	12.3
Alter or replace	886	21.5
REPAIRS, ALTERS		
Install or replace	1361	32.9
Paint or repaint	393	9.5
ALTERS		
Alter, install or rebuild	381	9.2
Paint or repaint	111	2.7
REPAIRS		
Alter or rebuild	373	9.0
Repaint or install new	150	3.6
Repaint, add to or install new lighting	148	3.6
Paint or refinish	118	2.9
ALTERS, REPAIRS OR INSTALL		
Alter, repair or rebuild	129	3.1
Install entire exterior	102	2.5
REPAIRS		
No recommendation	2509	60.9
Repair, refinish, paint or repaint	2007	48.6
Lighting fixtures, install new or additional	1794	43.4
Plumbing (sinks, cases, etc.)	281	6.8
Refrigeration	281	6.8
Repaint or install new	1476	35.7
Repair or refinish	1040	25.1
Eliminate objectionable features	539	13.0
Install open shelving for self service	504	12.2
ALTERS		
Floors, refinish, cover, or install new	1132	27.4
Installation equipment, install	822	19.9
Install glass, install	716	17.3
Install equipment, install n/	616	14.9
Plumbing fixtures, replace completely	509	12.3
Refrigeration	508	12.3
Repair or refinish	393	9.5
ALTERS, REPAIRS		
Alterations	96	2.3
Additions	23	0.6
Rebuild entire exterior	35	0.8

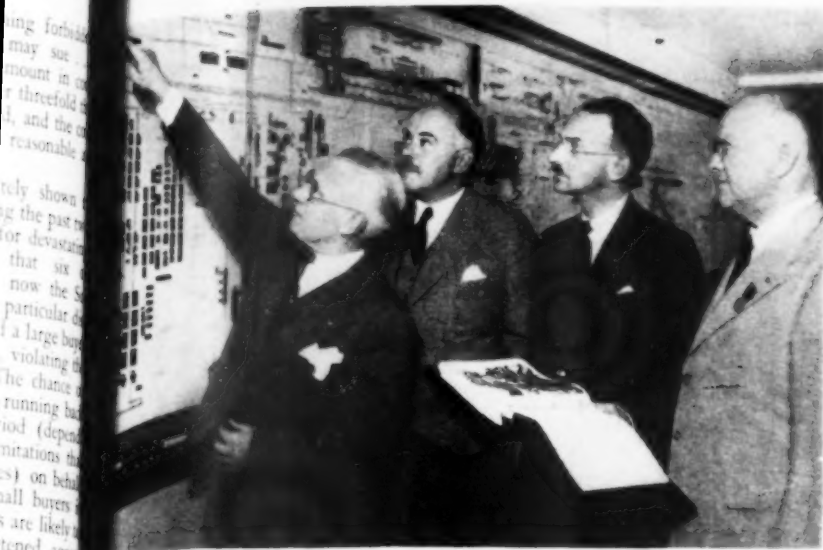
a/ Characteristics limited to 2607 stores to 15 cities.

Business Week

WHAT IS NEEDED, AND WHERE— The storekeeper who wants to modernize but is uncertain about where to start, or how far to go, is getting invaluable help from an exhaustive booklet prepared by Department of Commerce and Federal Housing Administration experts. The page above is a sample of how store owners—and dealers in materials needed—are aided in scheduling the job.

terest to business men, who frankly anticipate little or no trouble with the Department of Justice. The Atlantic Retail Grocers Association in the August issue of its membership paper summed up this point of view neatly in one sentence: "Knowing the Federal Trade Commission as we do and knowing their attitude of friendly helpfulness toward business, we cannot conceive of their certifying the facts to the Department of Justice unless the violation is very aggravated."

One of the most persuasive threats dictating a still rigid though weakening conformity to the strictest interpretation of the law is that which grows out of Section 4 of the old Clayton Act to which the Robinson-Patman law is an amendment. This section provides that anyone "injured in his business or prop-



AT THE STUDENT MAY KNOW—Plymouth built a floor model of its main factory at Detroit, took it up to Cambridge and presented it to Harvard as a guide in factory practice. The 17 miles of conveyor lines and location of all machines in detail are shown. B. E. Hutchinson, Plymouth chairman (second from left), Vice-President H. G. Mook explain the three-dimensional plan to Prof. Georges F. Stout and Dean Wallace B. Donham (right) of Harvard Business School.

Utility Armistice Day

Washington conference over Tennessee Valley "grid" proposal has sharp political angles but there's a chance for a power peace behind it.

WASHINGTON (Business Week Bureau)—Armistice Day for the war veterans does not come until after the election, but Armistice Day for the utility industry promises to be some time before—Sept. 11, to be exact, when President Roosevelt will confer with utility heads, financial leaders, and the representatives of various government departments dealing with power in an effort to compare the differences that now have the utilities and the Administration at odds' points.

Not the Starting Point

Immediate reason for the meeting is the need for negotiating a new contract for the interchange of power between the Tennessee Valley Authority and nearby operating companies in the Commonwealth & Southern system. But this will be merely the starting point. The White House announcement points out, satisfactory arrangements in the Tennessee Valley will form a basis for working out similar arrangements in other regions where there are federal power projects. Hence the inclusion on the invitation list of such names as Samuel Ferguson, chairman of the Hartford Electric Light Co.; Owen D. Young, of General Electric; Russell C. Leffingwell, of J. P. Morgan & Co., and Alexander Sachs, of Lehman Corp.,

none of whom have any outstanding interest in the Tennessee Valley, but all of whom would benefit from a cessation of the present situation, in which the utilities fear depreciation of their capital and credit because of government competition, while the Administration faces the necessity of marketing large isolated blocks of power in the face of a legal barrage.

Motives behind the President's peace moves cannot be isolated, but there are a number of points well worth consideration. In the first place, the time to make peace is when the enemy is most jittery, and that word describes the present frame of mind of some utility officials, who envision a government power plant in every company's backyard.

Moreover, the President is not anxious to push further construction. Economy is the new watchword and the next Congress is not going to be so casual with its millions for grandiose power schemes. To paraphrase: "As goes Quoddy, so goes the nation."

Item two: The Administration is in a particularly good trading position as respects the present situation in the Tennessee Valley, and it is this agreement which is expected to set the pattern. Back in January, 1934, when the first contract was made, the newly-organized

TVA had gobs of power but no way to sell it.

In exchange for an option on this cheap surplus power, the Commonwealth & Southern operating companies turned over to TVA their transmission facilities in the Valley and agreed to a division of territory. Since then the power consumption of the region has boomed while the utilities, with plenty of cheap TVA power available, have built no new generating plants. Now, with the contract about to expire, they face the necessity of either building new plants under the guns of government competition or signing up once more with TVA.

Power Conference Lesson

Item three, although rather trivial, is nevertheless a tangible factor. The recent World Power Conference in Washington, if it did nothing else, brought out several points of world experience which gave pause to the more rabid partisans on both sides. To generalize, these were about as follows: privately-owned utilities can do a good job of distributing electricity; some government regulation is inevitable because of the inherently monopolistic nature of power distribution; once these two facts are accepted, a state of peace, rather than constant war, is not only possible but is also good policy for all concerned—which includes practically everybody. In Europe the governments are cooperating harmoniously with the private companies.

Finally, there is the political angle: What could be sweeter than a rash of cartoons showing Mr. Roosevelt and the utilities shaking hands in the shadow of the dove of peace, with a small bystander labeled "The Consumer" throwing his hat into the air in joyful anticipation of lower rates to come?

For lower rates will be a part of the bargain—or there won't be any bargain. Before the flood of government power is turned over to the utilities for distribution, there must be assurance that the ultimate consumer will get to one of the fundamental Roosevelt objectives—cheap and abundant power.

Utilities' Bargaining Power

However, the utilities will not be devoid of bargaining power, nor are they in the mood for unconditional surrender. Obviously their primary talking point will be the nuisance value of their legal efforts and, even beyond that, the strong possibility that the Supreme Court may eventually outlaw the government's entire marketing effort. Another point not generally realized is that recent improvements in generating practices have brought costs down to a point where long-distance transmission is economically questionable—and most of the government plants are located far from the market. Even give-away

power is not cheap if it can be turned out by a local plant at less than the transmission cost.

Likes British Model

Best possible solution, the President indicates, is adoption of regional power networks modeled after the British grid. Just how closely this will be followed depends upon the give-and-take of the meeting, but its general pattern could be accepted by both sides without any radical about-face. The grid—more formally known as the Central Electricity Board—acts as a middleman between producer and retailer of power. It buys what power is needed from both private and public generating plants; it sells what is consumed to both private and public distribution systems. In allocating its purchases the most efficient generating units are called upon first, the least efficient last. And its charges are based, not upon local considerations, but upon the efficiency of the system as a whole.

In Great Britain the grid is managed by an independent board representing both private and public utilities and the government. Whether this plan would work here depends primarily upon the willingness of TVA to surrender part of its present objectives. It is believed that this would be acceptable to a majority of the directors, and even the third and most inveterate utility-baiter, David E. Lilienthal, has been heard to speak kindly of the British set-up. But any prediction on the ultimate compromise would be very rash at this stage of the game.

Dry Ice and Cement

Oklahoma portland cement plant takes carbon dioxide from flue gas waste and makes some extra money.

DRY ice threatens to become important to the portland cement industry. Cement men are watching an experiment now on in Oklahoma, where the Oklahoma Portland Cement Co. at Ada is shipping from 10 to 15 tons of dry ice a day as a byproduct.

Common practice in the manufacture of dry ice is to burn coke to produce carbon dioxide, from which the solid CO₂ or dry ice is made. Others, such as the alcohol producers, use the byproduct gases from fermentation. But in portland cement plants limestone and coal are burned and large quantities of carbon dioxide go up the chimney as the products of combustion. So about a year ago the J. P. Devine Mfg. Co., a chemical process and oil refining equipment firm, interested the Ada plant in trying to recover this CO₂ from the flue gases.

They installed apparatus costing about \$150,000 with a capacity of about 15



NO SALAD TODAY—In the street at a busy corner in Salinas, Calif., lies a pile of lettuce, just dumped out of crates by striking field workers who are seeking to prevent transport of the crop. Deputies (left foreground) armed with clubs and guns are meeting the strikers half-way. The lettuce-field dispute has resulted in several clashes like this, with injuries on both sides and the problem still unsolved.

tons a day and are now producing it at a cost of about \$7 a ton. This they deliver within a radius of 60 miles, using insulated trucks and handling the dry ice in large blocks with ice tongs. The delivery loss by evaporation is held to about 1%. They sell it for \$30 a ton to the ice cream and carbonated beverage people, so that this byproduct produces a revenue of from \$300 to \$450 a day. They could dispose of more if they had the dry ice capacity and this being a large cement plant, further carbon dioxide production can be developed.

There are 166 portland cement plants in the country and a large number of them are near enough to dry ice markets to take advantage of this opportunity. The present total consumption of dry ice throughout the country is about 75,000,000 lb. But there is a large prospective market for use in refrigerator cars and trucks.

EH&FA to L.A.

Extension of Washington's electrical appliance promotion plan starts sales drive in Los Angeles.

WITH the signing of a contract extending its services to the Los Angeles Department of Water and Power, the Electric Home and Farm Authority enters the largest concentrated sales territory in its history. About two-thirds of the requirements of the city's 1,238,048 (1930) population is supplied by the Department's Bureau of Power and Light, which was formed to market power obtained as an adjunct of its water system, and which contracted for a big block of Boulder Dam power.

That an intensive sales drive on electrical equipment is ahead for this is indicated by the fact that, although formal announcement of the EHFA contract was made on Sept. 17, over a hundred applications by dealers wishing to participate in the plan have already been received in Washington. These include practically all the large distributors, even to the department stores. Many plan display advertising.

As told in *Business Week* (Aug. 3, p. 36), EHFA purchases customers' notes from the dealers, arranges with the utility to collect payments, spread over a liberal period, with current bills.

Rail vs. Truck

Store door service debate brings up the old antagonisms with shippers playing both ends.

WASHINGTON (*Business Week* Bureau)—Counting noses on the Interstate Commerce Commission for and against free pickup-and-delivery of merchandise freight by Eastern railroads is more a gamble than usual. It's a 6-to-5 lay-up in which Commissioner Hugh L. Tate has voted both ways in preliminary to the final argument Oct. 1 on this issue that embodies all the old antagonism that railroad and truckmen have for each other.

Shippers are playing both ends against the middle, some groups demanding that truckmen make the same allowance as the railroads propose, giving them a nickel for every hundred pounds that they pick up and deliver on their own.

Truckmen contend that rail service under the law stops at the freight

that pickup-and-delivery is extra for which an extra charge must be made, with the cost of such service the minimum, and that any allowance be shipped in lieu of such service is as railroads cannot assume such obligation.

The railroads argue that this interpretation stretches the law until it snaps, in their efforts to render a complete service to the shipping public they are confined to the rails or to any other mode of transportation.

Shippers in the East, as represented by Merchants Association and the Ship-

pers Conference of Greater New York, insist that the commission must fish or cut bait, that if the 5¢ allowance, in effect in the West and South, is fair, it should apply in the East where tariffs were suspended last May, pending investigation. A test period has been suggested by the Port of New York Authority which holds that the individual railroads cannot operate free store-door service profitably. The commission has first to construe a law charging it to foster both rail and road transportation. Its decision must give something to both railroads and trucks.

such as in pension rates. The employee representatives are well aware that the corporation's earnings still are pretty slim. They are said privately to advocate upping steel prices to cover added costs, but steel officials are afraid that may halt an expanding market.

The industry generally hates to make new wage commitments which it may have to back down on later in case recovery doesn't hold up.

Tied up with the problem of granting blanket increases to unskilled men (who make up a minority of all steel workers) is the matter of the pay differential between various grades of skilled and unskilled men. Rollers, open-hearth men and others in the top flight of skilled workers agree that the lowest men are getting too little, but probably will insist upon maintenance of the present differential even though low wages may be raised.

Steel men acknowledge that unless there is an unexpected reversal in the recovery trend, it will be impossible to stave off a further wage increase much longer. Thrusting himself into the controversy, Philip Murray, chairman of the Steel Workers Organizing Committee, charges steel people with withholding wage increases to try to defeat Mr. Roosevelt.

C.I.O. Drive Simmers Down

The Committee for Industrial Organization's steel campaign, which started out with a flourish, has settled down into a humdrum membership drive which seemingly isn't too successful. There has been house-to-house canvassing of workers from the beginning. The main purpose lately has been to sign up members without much regard to dues payments. Public meetings have been turned largely into rallies in behalf of Mr. Roosevelt's reelection. It is whispered in Pittsburgh that the revenue from the membership campaign hasn't been so large as expected and expenses have been trimmed accordingly.

Finding the going pretty rough in the

Steel Wage Debate Renewed

Carnegie-Illinois employees suggest company save by stock refinancing and boost pay \$1 per day; management isn't ready to grant increases which may not stick.

Steel men probably caught their breath a week when they read the far-reaching demands of employee representatives of the sheet and tin mills (formerly American Sheet & Tin Plate Co.) the Carnegie-Illinois Steel Corp. The demands included \$1 a day increase in pay with minimum of \$5 a week for common labor, increased pension rates, longer vacations with pay, seniority rights similar to those on railroads, abolition of incentive pay plans, negotiation of all changes affecting employees in general through employee representatives.

Concurrent with presentation of these demands Carnegie-Illinois workers at Youngstown answered President Fairless' refusal to advance wages at this time by proposing that the \$3,000 U. S. Steel employees who own company stock unite to try to force an increase and that the corporation refinance its preferred stock to a lower interest-bearing rate, the savings to be used to pay higher wages.

An advance of \$1 a day would cost Carnegie-Illinois \$25,000,000 a year and Big Steel as a whole \$45,000,000. That is exclusive of other suggested increases,



Business Week

FROM THEORY TO FACT—After discussion of mutual problems at Washington, delegates to the World Power Conference set out to get a close-up view of American industry, and many are still traveling through the country. The group tonight is one of those which visited General Electric's plant at Schenectady; above, three of the notable engineers. From left: Emile Vythorek, Belgium; A. C. Pinson, France; Henry Mingels, France.



larger steel companies, the C.I.O. has put considerable effort into organizing the fringe of the steel industry, such as fabricating plants. The job is easier there, because companies aren't so big and in some cases are more vulnerable because their wage scales have been lower than those of steel mills. One report is that the C.I.O. has signed up 80,000 out of a total of 600,000 now at work in the steel and allied industries.

Steel people, however, believe the membership far less.

Pittsburgh isn't apprehensive over possibilities of strikes. It is betting that there won't be any major trouble the coming winter, but isn't so sure what spring may bring, particularly with the bituminous coal agreement expiring then. They suspect that John L. Lewis might try to get at them through his pet industry.

Retail Sales Leaders

Clothing and home furnishings departments are most active in the comeback of the stores. Weather has hurt. Emphasis on better housing has helped.

RETAILERS are hoping the weather man hangs out the "Fair and Cooler" sign today. August business didn't quite measure up to expectations because abnormally warm temperatures blanketed the country. Merchants who had cleaned out their summer stock by July found the public showing little interest in fall displays.

September volume didn't get too good a start either, largely because the lateness of Labor Day tended to defer the opening of the official fall season. But otherwise everything is set to wind up 1936 with the best volume of sales since 1930—a volume estimated at \$36,680,000,000. Department and dry goods stores may have to be content with the

best volume since 1931, or around \$3,980,000,000. Mail order houses have kicked over all traces of any depression and are headed for new heights, bettering any year on record.

Back of the optimism of retailers this fall is the strong comeback of business in general. Employment is rising and payrolls are rising even faster. Wage increases are cropping up more frequently, stimulating the spending spirit. Dividends are being distributed more freely, and should come forth in even greater volume before the end of the year. Department stores can pretty safely count on doing a Christmas business equal to that of 1930, or better.

Even the rural areas are not going to let the drought wither their buying enthusiasm, though the worst-hit regions may have to curtail a little. Sales in rural sections of the country will easily be the best since 1929, with the Pacific Coast region doing far better than any other section. In the first seven

"BENEFIT TO ALL"—That is the result of cooperation, Harry E. Sheldon (left, with cup) reminded his fellow-townsmen and workers in Allegheny Steel Co., as they gathered last week to honor him as the foremost citizen of the Upper Allegheny Valley. The 7,000 Allegheny employees presented their 75-year-old president with the loving cup.

Business Week



months, the Coast was doing 21% business than in the same months 1935 against 12% national average.

Clothing and home furnishings are the most active departments in the goods field. Gayer and more luxurious clothing is coming to the fore. Competition brilliance will become increasingly important. Mink furs are getting verted more freely. July fur sales in the New York reserve district topped the list of department store gains with a margin as high as 60% over 1935. August, the big fur promotion month, showed a gain of 29%. Coats and suits follow with gains of 49% in July. Stores are laying the emphasis this fall on style and better-grade merchandise.

Furniture, rugs, radios, oil burners, coal stokers will be big numbers this fall. July floor covering sales in the New York reserve district were 40% ahead of last year and furniture 40% higher. Wherever furniture records are available they tell a similar story—Wisconsin, up 37%; Indiana, 30%; Illinois, 39%; Chicago, 40%; Ohio, 52%; Massachusetts, 18%; Texas, 36%.

Merchants will be actively promoting furniture during National Furniture Week starting Oct. 2. American manufacturers will be tying up their products with furniture sales in the period and attempting to promote sales for Christmas gifts right up to the end of the year. The revival of interest in home ownership and new homes working to their advantage.

Paging 95 Barrels

FTC sticks its neck out in another of its trade practice enforcement—of which a lot more are coming.

A DOZEN years ago the Supreme Court heard the epochal case of the people of the United States of America vs. 95 Barrels, more or less, of Alleged Apple Cider Vinegar. The Court rendered its decision in favor of the people. More accurately, it sustained the Food & Drug Administration in its contention that the vinegar was misbranded within the meaning of the food and drug law because it was made from dried apples and no declaration of this fact was made on the labels of the 95 barrels.

This week, the Federal Trade Commission promulgated approved trade practice rules for the preserve manufacturing industry. These rules permit the use of dried apples in the preparation of apple butter without label declaration.

Therein lies the possibility of an interesting suit, for it would probably be something of a pleasure to the Food & Drug Administration to establish in court of law that the Federal Trade

doing 21%
same month
national average
furnishings
ments in the
d more luxu
the fore. Con
come increas
s are getting
July fur sale
district top
store gains w
60% over 13
promotion ma
Coats and
49% in Ja
emphasis this
de merchandise
lios, oil burn
big numbers
ing sales in
district were
d furniture
er furniture
ey tell a sim
37%. Ind
Chicago, 48
husetts, 18

ively prom
onal Furn
American
tying up th
ales in the
o promote
up to the
of interest
new homes
age.

rrrels

x out in a
practice on
a lot mo

upreme Co
the people
merica vs.
lleged App
urt render
people. Ma
Food & Dr
attention th
d within t
drug law b
d apples
was made
s.

Trade Com
proved tra
ve manuf
s permit
preparat
bel declar

y of an
probably
the Food
ublish in
eral Tra

ESS WE



YOUR TRUCK TIRES TAKE IT 300 TIMES A MINUTE

Every cord in the tires on an ordinary 2-ton truck going along under normal conditions at 30 to 35 miles an hour takes five terrific, pile-driver blows every second.

These crushing blows are delivered by the road. They get harder and more frequent as speed or load increases . . . No tire can avoid these shocks . . . The improved High Profile Goodyear Truck Tire is built to take them with minimum harm to the tire.

To truck operators this means more miles of wearper tire—*thousands more miles!*

Preshrunk Supertwist Cord, twisted while wet, gives a foundation strength to the body of the tire greater than other cords.

A definite factor of strength in itself, this cord foundation also makes possible the use of a much tougher compound of rubber.

No other truck tires can be made this way because Goodyear has patent protection on Supertwist.

For years more tons have been hauled on Goodyear Truck Tires than on any

other kind. Thousands of operators point to amazingly long mileage records as evidence of money Goodyears have saved them.

Now these mileages, these savings, will materially increase. The improved High Profile Truck Tire is bigger, sturdier, tougher . . . It's more tire—more rubber, more cotton, more air space, more skid protection. In every way it's more for your money.

Destructive internal heat, which is generated in all truck tires under load, is greatly reduced by this improved construction—and faster escape is provided for this reduced heat.

See this amazing truck tire. The Goodyear dealer near you can show it to you today. It costs no more money.

• • •

Goodyear sells more truck and bus tires than any other manufacturer. There is a Goodyear to fit every rubber-tired commercial vehicle—just the right type, size, price for any requirement . . . The Goodyear Tire and Rubber Co., Inc., Akron, O.

★ FLASH! THERE'S A GOOD YEAR BATTERY NOW! ★

GOOD YEAR

TRUCK AND BUS TIRES *money savers*

Go to the Goodyear Broadcasts of the Literary Digest Poll for President—Monday, Wednesday, Friday Evenings NBC Blue Network.

SEPTEMBER 26, 1936

17

NEARLY 200 YEARS of Successful Operation



A typical
commercial office
of the
Colonial Period.

When investors see a company with an unbroken record of success over a period of twenty years, even the most conservative analysts pronounce it a stable and successful business — a sound investment.

The principles of Mutual fire insurance have been in operation for nearly two hundred years — seasoned and tested by an experience actually longer than the life of the nation.

In investment terms — the dividend record of Mutual insurance companies surpasses any other classification of business. As an example, the seventy-five members of the Federation of Mutual Fire Insurance Companies returned over \$135,000,000 to their policyholders in the last ten years.

Write for free booklet entitled "Mutual Fire Insurance." Address the Federation of Mutual Fire Insurance Companies, 919 North Michigan Avenue, Chicago, Illinois.

MUTUAL FIRE INSURANCE

An American Institution

This seal identifies a member company of The Federation of Mutual Fire Insurance



Companies and the American Mutual Alliance. It is a symbol of soundness and stability

Commission had given its official blessing to a trade action which practised fraud upon the consumer. Other trade practices in the approved code, such as the implied permission to add citric and tartaric acids or to add pectin without appropriate label declarations, offer similar possibilities to rebuke FTC. And the case of the 95 barrels of vinegar affords a strong precedent.

Congress Will Act First

Only disconcerting aspect of such a suit, from F&DA's point of view, is that it would pan out to be either an unnecessary move or something of a Pyrrhic victory, for the whole point of such action would lie in showing that FTC was no fit guardian of public interest, hence should not be given responsibility to regulate advertising under the pending food and drug law. And before such suit could be terminated, the big issue between them is certain to be concluded one way or the other.

Regardless of what F&DA may think of its commercial morals, FTC goes blissfully along its way promoting the trade practice conference idea as the most workable solution to the problems of trade ethics. This week the commission announced that the Retail Tobacco Dealers of America, representing 300,000 of the country's 800,000 tobacco retailers, had made application for a conference. If and when this code is drafted, it will be one of the biggest feathers in the commission's conference hat. Meanwhile, the racket-ridden toilet goods and cosmetics industry is toiling along toward the completion of its code, and the fertilizer industry this week won final FTC approval for its much-debated code.

Pearl Diving at Home

THE thrill of pearl diving (success guaranteed) is now available to any person owning a can-opener. Treasure Imports, New York, is distributing for a widening market a "Deep Sea Treasure." The treasure consists of one oyster, warranted to contain one genuine pearl, enclosed in a can. Retail minimum is around \$2. Each pearl is of sufficient size and beauty to be used in a ring or pin. Origin of the gems is the Japanese waters where pearls are commercially cultivated.

Distribution of this novelty is via gift shops, jewelry stores, drug stores, etc. Jewelry dealers make extra business for themselves by selling the settings. The oysters have a special amusement value for social events. High-hats of East Hampton, L. I., put them in their swimming pools and allow guests to dive for them. Others hide them on beaches. They are especially in demand for treasure hunts. No. The oysters themselves are not edible.

Tin Strike

North Carolina reports discovery to help repair our lack of essential metal.

LACK of tin resources in the United States leaves a big hole in our sufficiency, a dangerous one in fact, the rising threat of another war might make adequate tin supplies more necessary and could easily cut off from such supplies. Realization of this has given national interest to meager news of tin strikes in this country, latest of which comes from Lincoln County, North Carolina.

For a century the existence of cassiterite (tin ore) belt ranging from Lincolnton, N. C., 35 miles south through Gaston County to Gaffney, S. C., has been common knowledge. Various times tin-booms have been experienced and mines have been operated at Gaffney, at Kings Mountain and at Lincolnton. The latter has properties of which include 631 acres is the scene of the new strike.

Sold to New York Interest

First operated, around 1860, by Professor Furman of Cornwall, it became the Carolina Tin Mines. The stock of which was bought up by late D. E. Rhyne who mined in an amateurish manner but even so disposed of considerable quantities of tin. Always believing in the mine but unable to get his purchase price out of Mr. Rhyne sold his interests to the American Consolidated Tin Mining Corp., New York, some five or six years ago, at which time some stock promotion was undertaken—with no success.

With revival of interest in tin-producing properties, due to the European war scare, plus such new demands for tin as that represented in the beer of additional financial backing was secured by the American Consolidated. A year ago work was renewed at the Lincolnton mine under the direction of Louis Hepp, superintendent of operations.

After 11 months, 125,000 tons of ore-bearing material have been taken out in an extensive development and exploration program. Last week, Sept. 16, what is thought to be a virgin reef was discovered: a vein of high-grade cassiterite 42 in. wide, deep as yet to be determined.

Fifty-two feet of the vein have been uncovered but the company will make no positive statement as to the extent of anticipated operations until it has drifted with the vein for 200 ft. At the time, if the strike shows its present value of an average of \$30 a ton of metallic content of 7½% to 10% the plans for extensive mining operations will be revealed. These will include crushing plant and possibly a smelter. No stock will be offered.

ST CAME TIN PLATE... THEN DUCTILLITE



The Best Friend . . . a man has in this selfish world is his dog. He stands by in poverty and in prosperity; he kisses the hand that has no food to offer; he guards the sleep of his pauper master as if he were a prince . . . when all other friends desert, he remains* . . . American family life recognizes this faithful friendship . . . and requites it with a generous yearly budget item for carefully prepared diets of dog food . . . scientifically balanced compounds of meat, fish, vegetables and meals; all brought to the home in dependable containers of tin. To the making of these containers Wheeling contributes Ductillite, the new and modern tin plate with superior qualities welcomed by both container fabricator and container user. *It's Wheeling Steel.* Wheeling Steel Corporation, General Offices, Wheeling, West Virginia; District Sales Offices in principal cities of the United States.

*From the historic address to a jury by the late Senator Vest.

Ductillite

REG. U. S. PAT. OFF.

IT'S
WHEELING STEEL



CALIFORNIA ON DISPLAY—Beginning Sept. 18 and continuing through Oct. 4, the great fair at Pomona, Calif., under auspices of Los Angeles County will display the varied crops and crafts of Southern California. It is estimated that agricultural products to the value of \$75,000,000 are represented by the exhibits.

Sec. Perkins Lays Down the Law

New Walsh-Healey rules for government contracts are less severe than expected, but business objects to interpretation of "open market" exemption.

WASHINGTON (*Business Week Bureau*)—Now that the tardy regulations clarifying the Walsh-Healey government contract act are out, business men to whom government orders are important will breathe a sigh of relief. For the interpretation put on this new law by Secretary Perkins is not nearly as drastic as these concerns had feared, even though, in the opinion of many, its scope has been stretched far beyond the intent of Congress.

Four "Musts," One "Maybe"

Briefly generalized, the new requirements that a government supplier must meet in fulfilling contracts awarded after September 27 are:

1. He must be either a manufacturer of, or a dealer in, the materials, supplies, articles and equipment concerned in the contract.
2. In fulfilling it he must, in so far as direct labor is concerned, avoid the knowing employment of convicts or of male or female laborers under the ages of 16 and 18, respectively. This requirement does not extend to office or custodial employees not directly connected with production, supervision or shipment, nor does it extend beyond the employees of the principal contractor to cover sub-contractors or suppliers.
3. He must comply with safety, sanitary and factory inspection laws of the locality where the work is performed.
4. He must adhere to a work schedule not exceeding 8 hours per day, 40 hours per week, or pay overtime wages

for any excess at a rate one and one-half times the normal scale.

The fifth requirement in the law, providing for the payment of not less than the prevailing wage rates as determined by the Secretary, is suspended for an indefinite period. Before it can be enforced in any industry there must be investigations, public hearings, and a formal determination by the Secretary. The physical magnitude of this task, repeated over and over for each industry and each section of the country, is so tremendous that no widespread application of the provision is foreseen for a long time. It will more probably be used simply as a threat against the wage-cutter, used only under provocation.

Provisions of the new law will not by any means apply to all government contracts. Exempt are contracts relating to: (1) transactions amounting to less than \$10,000; (2) construction, already regulated by the Bacon-Davis Act; (3) perishables, including dairy, livestock and nursery products; (4) agricultural products processed by the original producer; (5) common-carrier transportation and communication; (6) public-utility services; (7) contracts performed outside of the United States. The Secretary has authority to grant individual and blanket exemptions at her discretion when necessary in the public interest or to avoid injustice.

Principal criticism of the new regulations involves an alleged "re-writing" of the law by Secretary Perkins in her interpretation of the clause exempting

"materials, supplies, articles and equipment such as may usually be purchased in the open market." To the normal person this would seem to exclude purchases in any amount of such items as cement, structural steel, typewriters, motor trucks, and many other articles normally manufactured in accordance with standard practice and stored for subsequent sale to anyone. This tremendous loophole is nicely closed by the Secretary's interpretation applying the exemption only to those small routine orders, usually on an emergency basis, that government purchasing agents can legally make without advertising for bids. As the normal limitation on such orders is from \$50 to \$500, and the act applies only to contracts over \$10,000, the exemption, according to the Secretary's interpretation, is so much waste language. But what the Secretary says goes—until reversed. When the law is taken to the courts, it will probably be for an interpretation of this ruling.

If this loophole is closed, there is another which affords ample refuge. When the successful bidder is a regular dealer in the goods concerned the restrictions affect his employees only, and do not extend back to the manufacturer from whom he buys. So if the courts should support Madame Perkins on the inclusion of staple products over \$10,000 the effect of her policy may be to shove dealers to the front as contractors, which marks no gain for the purpose of the law and would raise prices to the government.

Beet Harvester

To a man up a tree, all beets may look alike, but beet growers know the difference. Table beets (where the top has to be pinched off without injury to the beet) have been harvested mechanically for several years, and a main problem has been the development of a like machine for harvesting sugar beets (with an area of leaf scar above the ground which must be sliced off with the top).

Big news to sugar beet growers is the success of Urschel Laboratories, Valparaiso, Ind., in perfecting such a machine. As noted in *Business Week* (Sept. 5 '36, p.18) it is being used in California fields this season, by Department of Agriculture research specialists. The machine is manufactured under Urschel patents by Scott Viner Co., of Columbus, O. (not by University of California engineers as erroneously stated in *Business Week*) and is not commercially available as yet.

Commenting on the progress of field research, which has covered five years in Western states, Scott Viner Co. explains the total absence of publicity: "A number of machines have been promoted to the possible advantage of the promoters but to the absolute loss of the investors."

GET DOWN TO *Floor level*



ACCELERATES BUILDING ERECTION AND BUILDING MODERNIZATION 20% to 30%! Robertson Steel Floor sections are easily and quickly installed by two men! Floor forms, temporary planking, delays of concrete construction are done away with! Materials can be safely and conveniently stacked on the Robertson Floor at once!

100% ELECTRICAL AVAILABILITY! In office buildings, the Robertson Floor provides facilities for the easy utilization of every electrical device the future may bring. Every cell of the Floor is a protected wireway of generous capacity. And in industrial plants, this floor permits old machinery to be shifted, new machinery installed, with minimum expense and trouble.



GIVE FLOORS the serious attention they deserve when you build or modernize! Don't fall into the common error of taking them for granted, of buying them purely on the basis of so many cents per square foot. For floors are the primary reason for any building's existence. They form the only rentable or usable areas of your building. They determine to a large extent the electrical facilities and life span of your building. So get down to floor level! Think about Floors!

Your first step in this direction should be a thorough investigation of what the new Robertson Steel Floor System has to offer. Faster building erection for example — 20% to 30% faster. The Robertson Floor does away with floor forms. Banishes temporary wood planking. Eliminates the delays of ordinary concrete construction. Permits other trades to work on it, and stack materials on it, immediately after it is laid. It reduces dead weight loss, too. Allows you to use a lighter structural steel framework, saving money. It reduces fire and accident hazards. And it provides a comprehensive electrical distribution system. For every cell in the floor is a protected wireway of generous capacity.

Our brochure "New Life for Buildings" gives you the complete story of this unique floor system. Send for it. It's free. Address H. H. Robertson Company, 2001 Grant Building, Pittsburgh, Pa.

ROBERTSON STEEL FLOOR SYSTEM

Before the Curtain Goes Up

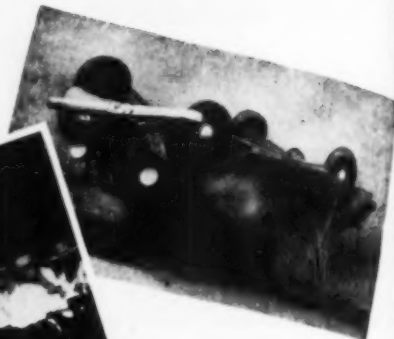
American automobile makers are calling their dealers and the press to headquarters for the final checkup on the 1937 models before the public unveiling



PACKARD puts on a theatrical presentation (left), takes its guests to the proving grounds (above) to see the 1937 cars go through their paces. Below is a new Studebaker, put through stunts to prove its durability.



AFTER viewing tests, Studebaker guests enjoy a chicken dinner (below). At left are Packard men leaving Masonic Temple in Detroit for the track.



THE STUDEBAKER jamboree was a lot of fun, as attire will testify. At right are officials who spoke; from left: George D. Keller, vice-president in charge of sales; T. F. Laughlin, San Francisco regional manager; and Paul G. Hoffman, president of Studebaker.



Motordom's Curtain-Raisers

Automobile previews are carefully staged to give the new cars a big send-off—behind the scenes.

Automobile preview season is on, prospects that it will reach its peak in October and terminate in early November. At that time the industry lay away its preview clothes in balls for another ten months.

Way of explanation to the uninitiated, a preview is an automotive continuation of long standing which precedes by several days or even a month the formal introduction of new models. A privileged few, often limited to a score or two and sometimes consisting exclusively of the Gentlemen of the Press, take a look behind the scenes at the new cars. At times the previews are held in connection with annual meetings of distributors, dealers, factory field sales staffs, when the numbers are run into the hundreds or thousands. At times the inner circle is widened to include leading industrialists, officials of competing companies, (the way) and municipal officials.

Showing Showmanship

Car manufacturers have an admirable way for showmanship, hence a preview is just a stodgy affair where people stand around and emit "ohs" and "ahs" as they inspect new models. Detroit is on a real show, spends money freely to make it good. For instance, Packard's 1937 preview, the most recent, one of the most spectacular, and larger than the average.

Early in the morning of Sept. 3 some 3,000 Packard distributors and dealers descended on Detroit by rail, bus, boat, plane and motor. President Alvan Macauley, after addressing the guests at Masonic Temple, unveiled the new Packard Six on the stage amid vociferous cheering. A luncheon followed (an unusual sight in itself, with 3,000 seated at tables). Then 150 Detroit Street Railway buses, the largest number ever chartered, took guests for a quick tour of Packard's factory, every building of which had been marked with large signs to tell what operations were done there. Then the parade of buses headed for Packard's proving grounds near Utica, Mich.

Fresco Exhibition

The proving grounds had been transformed into a tented city. In the plaza of the grass, in a beautiful natural setting, 1937 Packards were on display. Under a big tent was a complete line of cars. One huge tent was set aside for a barbecue dinner that night. A band in bright red uniforms greeted people as they entered the grounds. Finger ale stands were scattered around, with free drinks for the thirsty. At

four in the afternoon the new cars were put through their paces on the 2½-mile oval track, dealers watching from bleacher seats. Three races were feature events; participants in the grand finale were Tommy Milton, Ralph DePalma, and Bob McDonough, famous race drivers; and Colonel Jesse Vincent, Packard's vice-president of engineering. Milton has been on Packard's engineering staff for 10 years and DePalma is a Packard dealer at Lafayette, Ind.

Special Press Room

Gentlemen of the Press were conveyed to the proving grounds in important-looking Packards labeled "Press," had a special room for their use at the clubhouse (admission only by card—and there wasn't any foolishness about it, the rule was strictly enforced). In the early evening they were whisked down to the Book-Cadillac Hotel for a private dinner party where Packard's general manager, M. M. Gilman, was one of the hosts. The next day Packard men drove home over three million dollars' worth of new cars, claimed to be the largest driveway in history.

What the Gentlemen of the Press especially enjoy are their own private snooping parties, when occasionally the circle includes that advertising space salesmen fraternity. The Paul Prys (as one of their own number has dubbed them) attended the recent preview put on by Studebaker. To provide these blasé fellows with a thrill, a stunt driver tried vainly to roll over one of the new Studebakers on a steep bank but failed, finally drove it into a 3-foot ditch at 50 miles an hour, turned it over twice and came up smiling and unscathed. Also on the program was a milking contest. Chief Engineer Roy Cole of Studebaker beat Bert Pierce of the New York *Herald Tribune*.

Last Year Set Fast Pace

This year's previews will have to step along at a lively pace to surpass those of 1935. Last year the previews differed in tone according to policies of individual companies, some being dignified and others filled with ballyhoo and hilarity. Their settings ranged from proving grounds and country clubs to hotels and factories. They lasted from a few hours to an entire week-end. In a few cases expensive Broadway entertainment was imported. The boys at Detroit are still talking about the big Chevrolet party which started in the morning at the General Motors proving grounds and moved with increasing tempo to a climax at a dinner at the Book-Cadillac that night.

"Chairitis"



MOST OFFICE PEOPLE HAVE IT!

● "CHAIRITIS," a congested condition of the respiratory, digestive and eliminative organs, brought about by years of improper sitting posture. This modern malady is robbing thousands of office people of energy, vitality and health.

The Air-Duct, Do/MORE provides comfort and healthful posture. It is the only chair both ventilated and upholstered.

A large insurance company recently installed five hundred (name on request).

Do/Mores are made for executive, clerical and factory use. They will be placed on trial with any responsible firm. If they can't prove you should have them—we won't try to! Write today for further facts.

For executives the No. 506 Woodfield provides relaxation and exercise at your desk.



Air-Duct DO/MORE

Licensed by Feature Research Corp.

Do/More Chair Company, Inc.
910 Monger Building, Elkhart, Indiana
Gentlemen: Without obligation, please send me folder describing:
Clerical Chairs..... Executive Chairs.....
Factory Chairs.....

Quality Steel Extra Profit



You profit in three important ways when you depend on all your steel requirements.

First, you save time and money because the wide variety of steel products permits you to concentrate your purchases and avoid the expense and trouble of separate negotiations with many different sources.

Second, you get maximum production in your manufacturing operations, a better quality product, and lowest over-all cost, because of the uniform high quality of Jones & Laughlin steel products.

Strict Metallurgical Control Maintains High Standard of J & L Quality

Strict metallurgical control over every J & L manufacturing process from iron ore to finished product is the biggest single factor in maintaining the traditionally high standard of quality of J & L steel products. It is your guarantee that J & L steel products will meet your most exacting demands.

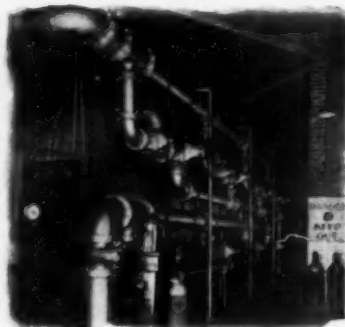


Lower Costs, Bigger Profits, with J & L Forging Steel

J & L makes a correct forging steel for every forging requirement. You can always depend on J & L Forging Steel for uniform high quality forgings, fewer rejections, longer life of dies, lower costs—and therefore bigger profits. Shown above are typical automotive parts made of J & L Forging Steel.

Longer Tool Life with J & L Improved Cold Finished Bessemer Screw Steel

In the manufacture of the motorcycle front hub shells shown here, the use of J & L Improved Cold Finished Bessemer Screw Steel resulted in a 22% longer tool life—a direct result of the high machinability of this quality steel. Its improved machinability has also made possible production increases ranging from 11% to 99%.



Dependable Performance Always with J & L Steel Pipe

J & L Steel Pipe, both welded and seamless, is in use in thousands of installations. The dependable service for which J & L Pipe is known is the result of the uniform high quality built into it at the mill and the careful inspection system which permits nothing but the finest pipe to reach the shipping platform.



Steel Every Need . . . Profit for Every User

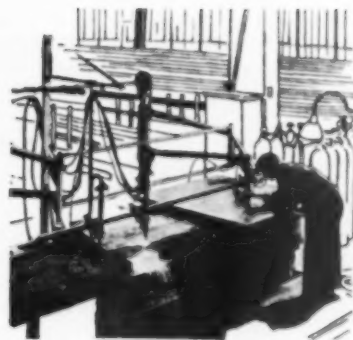
able more efficient and more economical operations.
ard, you get the benefit of the knowledge and skill of the J&L
ical staff whose assistance in selecting the right grade of steel
specific requirements often points the way to greater operating
encies and increased profits.
undreds of steel users in every major American industry are today
g advantage of this 3-way profit that comes from concentrating
steel purchases with Jones & Laughlin. It will pay you, too,
ok to J&L for all your requirements.

J&L STEEL



**J & L Spring Wire for Speedy
Production of Quality Springs**

J & L Spring Wire helps you increase production because it lends itself so readily to coiling, crimping, knotting and other forming incident to spring making. Quality springs are assured because J & L Spring Wire has the resilience to provide just the right springiness and the stamina to hold that springiness indefinitely.



**Time- and Money-Saving Quick
Service from J & L Warehouses**

J & L Warehouses are strategically located to give you prompt service. Warehouse stocks are diversified and complete. Special saws, shears, punches, and flame cutting equipment such as the oxygraph machine pictured here give you the steel you need in ready-for-use form, thereby saving you time and money.

LOOK TO J&L FOR ALL YOUR STEEL REQUIREMENTS

Billets, Sheet Bars, Skelp . . . Hot Rolled Bars, Plates, Shapes, Strip and Sheets . . . Lightweight Channels . . . Railroad Spikes and Tie Plates . . . Bars for Concrete Reinforcement . . . Assembled Road Bar Mats . . . Forging Steel . . . Jalcase Steel . . . Cold Finished Steel . . . Steel Piling . . . Junior Beams . . . Fabricated Structural Work . . . Seamless and Welded Tubular Products . . . Wire Rods and Wire Products . . . Tin Plate, Black Sheets and Manufacturing Terns . . . Coke By-Products . . . Pig Iron

JONES & LAUGHLIN STEEL CORPORATION

AMERICAN IRON AND STEEL WORKS

JONES & LAUGHLIN BUILDING, PITTSBURGH, PENNSYLVANIA

Sale Office: Atlanta Boston Buffalo Chicago Cincinnati Cleveland Dallas Denver Detroit Erie Houston Los Angeles
Memphis Milwaukee Minneapolis New Orleans New York Philadelphia Pittsburgh Seattle St. Louis San Francisco Tulsa
Warehouses: CHICAGO CINCINNATI DETROIT MEMPHIS NEW ORLEANS NEW YORK (Long Island City) PITTSBURGH

*Operated by National Bridge Works, Division of Jones & Laughlin Steel Service, Inc.

Canadian Representation: JONES & LAUGHLIN STEEL PRODUCTS COMPANY, Pittsburgh, Pa., U. S. A., and Toronto, Ont., Canada

Yardstick for Donations

Corporations try to put contributions to community drives on a systematic basis. Some big companies already follow a set formula in figuring their share.

WASHINGTON (*Business Week Bureau*)—Many corporation executives appeared in Washington last week under auspices entirely different from what they have been accustomed to. Albert H. Morrill, chairman, Kroger Grocery Co., bragged that he could again appear in respectable company. Wendell Willkie, chairman of Commonwealth & Southern, enjoyed it, too, until somebody mentioned that "damn word 'yardstick'."

How did that get into the discussion at the National Conference on Human Needs, a preliminary to the Community Chest drives that will soon be on throughout the country? Willkie subsided when Gerard Swope, president of General Electric, explained that the object is to promote adoption of standards for determining the just measure of contributions that corporations should make to charity. Some basis that will tickle corporate conscience, if necessary, but also afford protection for the contributor, who has done his fair share, against the importunate demands of a high-pressure soliciting organization.

GE Keeps Pace With Town

Swope explained the method under which GE is working in all cities in which its plants are located. Its contribution to local Community Chest budgets is in the same proportion as the assessed value of its property is to the total. Where its gift previously exceeded that ratio, the old percentage has been continued but the amount will not be increased until the chest's total budget comes up to the point at which the GE contribution is in correct ratio.

In GE's home town, Schenectady, for example, the assessed value of the corporation's property is 11.8% of the total. Its contribution to the chest in

the past two years has been 12.9% because that happened to be what the company had previously contributed but the size of its gift will not be increased until the dollar figure represents 11.8% of the chest's budget.

Donaldson Brown, chairman of the finance committee of General Motors, invited participation by other manufacturing concerns in the plan which that company has experimentally adopted. It is a two-step method in which the total quota for all factories in the community is the same proportion of the chest budget as the total taxes paid by the factories bear to the total taxes paid by the community. Each factory's share of the industrial quota then is fixed in proportion to its average number of employees. General Motors carries its plan to the extent of determining how much of its contribution should go, in the light of local factors, for chest activities to relieve suffering and destitution and how much for recreational and character-building services.

No attempt was made at the conference to adopt a set formula for universal application. Governing principles vary as between industrial, utility and merchandising firms. A committee of utility executives will meet next month at White Sulphur Springs, to devise, if possible, some kind of a formula to recommend to that industry. Railroad men also are studying the proposition.

Chain store representatives turned down the proposal for an established formula because the ratio of employees to sales is greater in the chain store trade than in most other lines of busi-

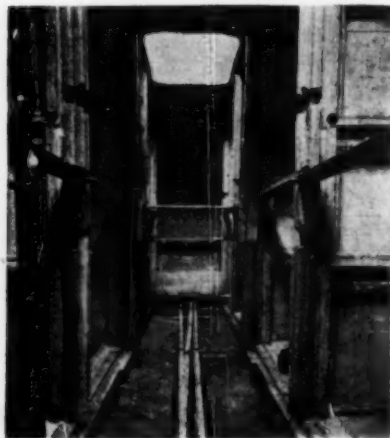
ness and because social security legislation imposes a relatively greater burden upon them than upon their individual competitors. They advocated greater decentralization of authority for giving in order to allow greater play to local needs of which general offices cannot be aware. In refusing to concede the practicability of a standard as applied to their business, the chain store men urged that they are not trying to shirk their responsibility. It was reported that leading chains have increased their contributions by 140% over 1929.

Standard or no standard, the amount necessarily varies as, obviously, a grocery chain can't be expected to contribute as much as variety stores. Woolworth has adopted 1/10% of its sales as a standard. Every store is assessed. The local manager gains nothing by not giving and he can't give more; 75% goes to the community fund and 25% is reserved for other appeals.

Systematizing Voluntary Donations

Some Community Chest officials aren't enthusiastic about the application of standards by their big contributors. But just as the Community Chest principle has made the appraisal of needs much more systematic than in the past, many corporations, particularly those which are nationally owned, feel that it is equally desirable to put voluntary contributions upon a systematic basis.

Sensible support of private philanthropy tends, of course, to check displacement of such agencies by public administration of relief activities, which is inseparable from political influence.



BEGINNING A NEW ERA—When the trawler *Storm* left port for a trial run early this month, a new cycle in the fishing industry began. Fish holds (right) are lined with pure nickel, presenting a sanitary contrast with the old-style wooden bins (left). Two more trawlers are being built by Forty Fathom Fisheries, Boston, and all feature streamlining, drying rooms for wet clothing, shower baths for all hands, improved quarters.



security legis-
greater burden
their individual
advocated greater
priority for giving
play to local
offices cannot
to concede the
stand as applied
chain store method
trying to shut
was reported
increased their
over 1929.
and, the amount
ously, a grocer
to contribute a
Woolworth has
sales as a stand-
essed. The local
by not giving
75% goes to
and 25% is re-

ery Donations

Chest officials
the application
g contributors
ity Chest prin-
usal of needs
n in the past,
icularly those
ed, feel that
put voluntary
matic basis.
ivate philan-
to check dis-
es by public
ivities, which
al influence



WEEK



"PREFERRED POSITION"

In the field of broadcasting, NBC has it...and has always had it!

In radio audiences, "Preferred Position" goes to the networks which *best* deliver the *greatest number* of the *most popular* programs. The Blue and Red NBC networks do this, year after year, to maintain this habitual listener preference—the most valuable asset which any advertiser can have.*

* Over the past few years, independent listener polls have given NBC network programs first place by a commanding majority. It is so this year. Radio Guide's latest nation-wide poll gave NBC network programs 9 out of 11 first places. The Women's National Radio Committee gave NBC 3 out of 4 winners—9 out of 11 runners-up!

Listen to the RCA Magic Key Program on the NBC Blue Network Sundays 2 to 3 P. M., Eastern Standard Time

NATIONAL BROADCASTING COMPANY, INC.

A Radio Corporation of America Service

NEW YORK • CHICAGO • WASHINGTON • SAN FRANCISCO



NBC'S 10th YEAR of LEADERSHIP in BROADCASTING

★ An Economical SOLUTION To Your Pacific Coast Plant Expansion Program

Manufacturing Tract & Plant at LIQUIDATION PRICES

TRACT: 570 acres enclosed by 8 ft. Cyclone wire fence.

WATER: 5,000 g.p.m. from 5 deep well pumps, 100,000 gal. tank on 150 ft. tower.

PLANT: Steam electric power plant; reinforced concrete buildings; 2—1,500 and 1—750 K.W. Allis-Chalmers steam turbo-generators; 4—750 H.P. Kidwell boilers. Million gallon spray pond.

Mill building—2 story, 120x260', also 75,000 sq.ft. adjacent buildings—1 story. **Factory building group**—1 story, 150x300', 120x410', 90x410', 100x480'. **Warehouses**—100x500', 100x300'. **Machine shop**—50x150'. **Office**—100x100'. Plant built 1923.

FIRE PROTECTION: All main buildings corrugated iron roofs with automatic sprinklers. Automatic steam and automatic electric fire pumps.

TRANSPORTATION: Railroad connection, spur tracks, also narrow gauge throughout plant.

LABOR: Adequate supply. Town of Pinedale adjacent to plant.

LOCATION: San Joaquin Valley, 7 miles from city of Fresno, 10 miles from Friant Dam.

Wire or Write for complete details.

INVESTIGATE!

PENSACOLA COMPANY
OWNERS
Pinedale, Fresno County, Calif.

Do
people
like you
instinctively?



GETTING ALONG WITH PEOPLE, by Milton Wright, (\$2.50) tells you precisely what to do and say, and why you should do it, to secure the results you want in countless situations in business and social life, in everyday contacts, and in important situations with a major bearing on your life and happiness. With many practical examples it shows you:

- how to get along with others
- how to secure effective cooperation of superiors, associates, subordinates, friends and acquaintances
- how to meet people properly and deal with them smoothly and efficiently

SEND THIS ON-APPROVAL COUPON

McGRAW-HILL BOOK CO., INC.
330 W. 42nd St., N. Y. C.

Send me Wright's *Getting Along With People* for 10 days' examination on approval. In 10 days I will send \$2.50, plus postage, or return book postpaid. (Postage paid on orders accompanied by remittance.)

Name
Address
City and State
Position
Company FBW-9-26-26

Tire Trouble Gets Worse

Cracking of mass distributors' contracts with makers elates but may not help independent dealers

CANCELLATION of the contract under which B. F. Goodrich Co. supplied Standard Oil Co. of N. J. and other S. O. interests with Atlas tires looks like another indication of serious disruption of the whole production and distribution alignment of the tire industry as the direct result of the Robinson-Patman Act.

The earlier severing of the Sears, Roebuck-Goodyear contract brought a shift in production that threw approximately 10% of the annual tire output of the nation into the laps of small companies. The Atlas cancellation means that another 8% to 10% of the annual output will be switched to smaller makers and it is understood that several automobile supply chains that market their own brand of tires are shifting their sources as a protective measure.

Ganging Up on Sears

Meanwhile, the interests that were chiefly responsible for the filing of charges against the Goodyear Tire & Rubber Co. with the Federal Trade Commission are not resting content with the cease-and-desist order against Goodyear. They are now attempting to keep other tire manufacturers from supplying Sears and other large buyers.

Since Sears has gone into the market for tires, manufacturers reported as having received the orders have been swamped under a barrage of letters, purporting to come from independent tire dealers and demanding that no tires be supplied to the mail order house.

Merchandising men intimately acquainted with the whole situation say that independent dealers must lose rather than gain from such tactics. They argue that if Sears and other mass buyers are driven out of the open market and forced to start making tires in wholly-owned plants, the tire industry will lose a substantial volume of its business and so be forced either to curtail promotional and dealer-help activities or make each tire and tube carry a larger portion of the expense—which will mean either price increases or a cut in dealer margins. Meanwhile, the critics add, mass buyers making their own tires would have three profits—manufacturing, wholesaling, and retailing—to play with and could slash prices without limit and without fear of getting into difficulties with the FTC or any other branch of the government.

In the trade there is considerable speculation as to what effect current dealer propaganda and eventual clarification of the Robinson-Patman Act will have on the set-up in the tire industry. It is definitely known that Sears, Roebuck will continue to buy its tires from various makers for some months. Orders have been placed with Dunlop, Lake Shore, and others and Sears is having no trouble in getting all the tires it needs, made from wholly-owned molds under its own specifications, according to Gen. R. E. Wood, president of the big mail order company. Its policy will be continued for some time at least until the R-P law is better understood.

Standard Oil's Atlas Supply Co. is expected to follow more or less the same course. Insiders say that Montgomery Ward & Co. has decided to tight for the present in the hope that things will clear up so that no change in its tire source will become necessary. If large buyers eventually start their own tire production, the tire manufacturers who lose that volume probably will broaden their activities in other or controlled retail outlets such as now being operated by Firestone, Goodyear, and Goodyear. This would put them in better position to compete with the 1,000-odd Sears and Ward stores, the vast number of Standard Oil stations and other mass outlets. What would again hurt rather than help independent dealers.

Dead Air for Insull

Affiliated Broadcasting Co. ditches its first president; new for operating capital is indicated in shift.

LAST Sunday, while the ether surrounding Chicago's Civic Opera Building carried the program broadcasts of the Affiliated Broadcasting Co., the company officials and backers were up in the air (on the 42nd floor) over some of the things the president, Samuel Insull, had done or failed to do in the role of impresario and promoter.

Finally, those present decided that they would rather do without any president than go on as they had. The named Clarence Leich general manager *pro tem*, made T. E. Quisenberry executive vice-president, left Ota Gygi in charge of sales activity as assistant vice-president, and continued Max H. Perin as program director.

According to insiders, the action was partly due to the fact that additional funds promised for working capital were not forthcoming. They say that originally Insull interests put up \$76,000 while other financial interests invested \$174,000, and that \$25,000 per month is needed to carry on.

new personnel lineup is expected to give A.B.C.'s chances for success. Leigh is an experienced operator who owns three stations (at Terre Haute and Evansville) that are part of the A.B.C. network. T. E. Quisenberry, a well-known Chicago financier with a variety of business interests. Gygi and

Reducing the Deficit

Mr. Morgenthau must float his long-term issues faster than government piles up new debt and his success will mean a higher debt charge.

A balanced budget does not seem to be the U. S. Treasury. The Sept. ending of nearly \$1,000,000,000 in 20-year bonds had dealers climb-hauls to get their hands on them, this week Sec. Morgenthau proudly announced that 55.3% of the federal debt is of the long-term variety. Governments are supposed to have a volume problem when their purchases are loose at one end, but this Administration, by maintaining a firm grip on the money markets, has been able to set precedents. Through various agencies, which may buy U. S. bonds, Federal Savings, trust funds, Federal Deposit Insurance Corp., and perhaps a stabilization fund—Uncle Sam has been able to keep interest rates down. Consequently, lower interest rates were needed to help general business. Certainly, they have had the collateral effect of creating a bull market in government securities. Not only has new financing been cheap, but the Treasury has been able to replace short term issues with long terms, without paying much in the way of additional price. (Usually, when a debtor tries to lengthen the date of maturity, the interest rate goes up.) Improving business has been a factor. Money has come out of hoarding, has been deposited in banks, and banks have invested in governments. Until the demand for business loans turns sharply downward, commercial houses are likely to be big buyers of Mr. Morgenthau's paper.

Maturities Ahead

From a fiscal standpoint, the prolongation of maturities is favorable. But the fact that 55.3% of the paper matures within five years is hardly a bragging point. After all, the total debt is \$14,000,000,000. About \$14,000,000,000 matures within five years. That, in itself, is an improvement, is a bulky sum to take care of. The federal government's financial affairs will not be in order until the major part of the debt is long-term. That Mr. Morgenthau recognizes this is evident in his policy of lengthening the maturity of each new issue.

The Treasury is racing against the

Halperin have been on A.B.C.'s executive staff from the start (BW—Jan 4 '36, p13).

Meanwhile Mr. Insull expects to continue as a director of A.B.C. to protect the investment he represents, and he refuses to admit that he is either licked or broke.

deficit. Mr. Morgenthau must float long-term issues faster than the government piles up new debts, or the favorable 55.3% will not long endure.

The average maturity of federal obligations today is 9 years and 8 months, which compares with 7 years and 7 months on Dec. 31, 1934. The extension of maturity has been accompanied by a lowering of the interest rate. For long-term financing, during 1935 and 1936, Uncle Sam has gotten by with interest charges no higher than 2.875%, and in one case as low as 2.64%.

The average rate of interest has been declining steadily—from 3.181% on June 30, 1934, to 2.715% on June 30,

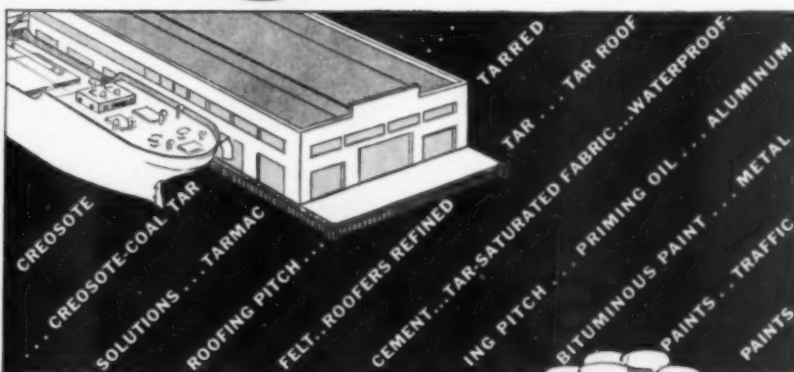
1935, to 2.545% last June. Superficially, that is inspiring, and it is an important factor in reducing the cost of servicing the growing debt. But, as the Treasury continues to increase the longer-term maturities by retiring the short-term obligations, the net cost will rise. If the government puts out a bond issue to supplant a note issue, even though the interest rate may be low, it will not be lower than the note rate.

Hence, the tendency—if Mr. Morgenthau pursues the adopted policy of substituting long-term bonds for short-terms—will be toward a higher debt charge over the next few years, notwithstanding the fact that money is cheap and the further fact that the government controls the money market.

Boosting Conservation

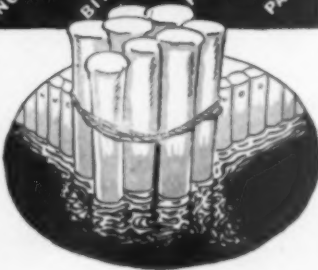
INDUSTRIES, as well as governmental bureaus, have conservation enthusiasts. Masonite Corp., makers of pressed wood products, announces a 1,000,000-acre reforestation project near its Laurel, Miss., plant. Cooperating with the state, the company will superintend the planting of 300,000 new trees annually by 300 private timber land owners. Scientific pruning, thinning, seed collection, fire protection will be taught. The company is thinking not only of its future supplies but of economic obligations.

KOPPERS and the Harbor



Almost all Koppers products are "protective" products... and nowhere are these protective qualities more important or more effective than at the seashore. Koppers Creosote has saved millions of dollars worth of piling, bulkheads and piers from destruction by marine borers. Koppers Roofing Materials give added years of life to pier and warehouse roofs. Koppers Waterproofing and Dampproofing Materials protect building foundations, and concrete structures against the destructive action by salt water. Koppers paints protect galvanized iron buildings from corrosion.

KOPPERS PRODUCTS CO.
PITTSBURGH, PENNSYLVANIA



1. Tarmac for Roads
2. Roofing Materials
3. Waterproofing Materials
4. Bituminous Paints
5. Creosote for Wood Preservation
6. Light Oils
7. Tar Acids
8. Coal Tar Pitches

“Some nai





aim' a load of pipe—

and make it snappy!”

REAL telephones are ringing, placing real orders like this—thousands of times every day, all over the country. At the other end of the wire is a local merchant who sells steel and steel products—there is at least one in every community. He is the dealer, the jobber or the distributor selling by the pound, foot or ton.

In this intricate age of ours, living would come to a standstill without steel distributors. For example: An explosion wrecks a small factory building. Men are out of work; the plant can't operate. The contractors rebuild the structure over a week-end because they can get the many necessary kinds of steel—tons and tons of it, at once—from a nearby steel warehouse. Or a homeowner, doing a few odd jobs around the house, needs a pound or two of assorted nails. He gets them, right away, from a local dealer, who has all sizes in stock because he is able to replenish his

supply overnight from a nearby jobber.

Other steel jobbers and distributors supply the pipe that plumbers use, or the steel girders to be placed in the basement of a home, or a small piece of alloy steel needed by a machine shop, or the electrical cable required by an electrician—even a few pieces of stainless steel for a store window. Farm and lawn fences, poultry netting, wire rope, galvanized sheets for barn and house roofs—practically any kind of steel that anybody uses—are carried in stock by these distributors, ready for delivery at a moment's notice.

United States Steel is proud to be a part of the service made available by these distributors. Bridges, ships, buildings, railroads—these require huge tonnages of steel. But the biggest purchasers of all are the distributors—selling to thousands of individuals and businesses. Their success is vital to the success of United States Steel.

AMERICAN BRIDGE COMPANY • AMERICAN STEEL & WIRE COMPANY • CANADIAN BRIDGE COMPANY, LTD. • CARNEGIE-ILLINOIS STEEL CORPORATION • COLUMBIA STEEL COMPANY
CYCLONE FENCE COMPANY • FEDERAL SHIPBUILDING AND DRY DOCK COMPANY • NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY • SCULLY STEEL PRODUCTS COMPANY
TENNESSEE COAL, IRON & RAILROAD COMPANY • UNIVERSAL ATLAS CEMENT COMPANY

United States Steel Corporation Subsidiaries



UNITED STATES STEEL

Market Makers—Or Breakers

The investment counsel shoulders a heavy responsibility. He's likely to be a young man. Sometimes he's a banker. Recently he has been expanding.

INVESTMENT counsel have the power to make or break the stock market. Under their supervision is a huge aggregate of assets—variously estimated from \$3,000,000,000 to \$30,000,000,000 (BW—Sep19'36,p42).

If only personal accounts of individuals are considered, the smaller figure is closer to reality; if institutional funds are included, the total is very much higher. But, in any case, the amount is sufficient to exert a tremendous pressure.

Concentrated liquidation of such a volume would ruin a market as broad as 1929's. And present-day trading is not nearly as hefty, because of the Securities and Exchange Commission influence. No longer is it possible to sell 500 shares of U. S. Steel without creating a minor price disturbance.

Hence, a tremendous responsibility rests with investment counsel. This responsibility, amazingly enough, is shouldered by young men—very young men.

For a 25-year-old to advise a retired greybeard is nothing unusual. Account supervisors are as young as that. Even the executives in major firms are not long out of college. The partners in Scudder, Stevens & Clark average 37. Courtly Theodore T. Scudder, founder of the firm and the profession, is 47. James H. Ottley, president and treasurer of Young & Ottley, is only 33 and proud as Punch that he should be as young as he is and as far as he is. The average age of the men who sit in the high councils of Loomis-Sayles & Co., Inc., is 43.

The men are young, because the business is young. Those who pioneered naturally chose associates of their own age—often classmates, which explains in part the heavy Harvard influence.

Curiously enough, the profession was founded on misgivings—Scudder's misgivings. He graduated from Harvard in 1911, became a runner for the New York banking house of White, Weld & Co. Later, he returned to Boston as a bond salesman—a good one. He had the personality and the connections.

But Scudder was troubled. Was it

Investment Counsel—II

Like Topsy, the investment counsel business just grew. It was a post-war development, ideally suited to the expansive temperament of a bouncing nation. As corporate finance became more and more complex, as new industries flourished, investors found it necessary to employ others to safeguard their fortunes—men who were paid only for their opinions on securities. Here, *Business Week* traces the early growth of the profession whose present setup was described last week (BW—Sep19'36,p42). A third and concluding article will discuss (a) its services from the investor's standpoint, (b) the limitations imposed by its growth.

right to sell bonds to people without taking into consideration (a) their investment aims, and (b) the distribution of their portfolio of securities?

In 1914, he formed his own small banking firm, and in 1919, with Sidney Stevens and F. Haven Clark, he organized the investment banking house of Scudder, Stevens & Clark—on entirely new principles. When the firm sold securities to a client, the profits made on sales were disclosed. In this, Scudder was 15-odd years ahead of the SEC. In addition to selling securities, the firm supervised investments of customers. For this, there was no charge.

But in a year or so, the partners discovered that advice was taking up more time than securities distribution; that income from the sale of securities was no recompense for their supervisory efforts. Scudder and Clark (Stevens, meanwhile, had retired) went into a huddle. They decided to charge a fee for investment advice—1% on all transactions. Late in 1921, they gave up investment banking entirely. Scudder, Stevens & Clark became investment counsel—with nothing to sell but their services.

U. S. Ripe for It

Until that time, investment bankers were the chief source of information on investments. Their suggestions were not entirely dispassionate, because they had securities on their shelves which did not improve with old age. Trust departments of banks also offered advice, but they tended to be hamstrung by legal requirements.

In Great Britain, the nearest calling akin to investment counsel was the estate solicitor, who not only handled investments but attended to all other affairs of his clients—renting a manor house, arranging transportation, running a racing stable. The Scudder firm was the first to be organized solely to supervise investments for a fee.

The United States was ripe for it. The investment horizon was broadening.

TRUST INVESTMENTS

in a changing world

A PRIMARY duty of a Trustee is to maintain the safety of principal of the funds held in trust. Many statutes exist which undertake to establish safety by rigid rules of conduct and procedure in trusteeship.

The truth of the matter is that safety is not absolute and static, nor attainable by rote of thumb.

We believe there is a new-I mean for the traditional view that under normal conditions trust funds should be invested in high-grade bonds. But we cannot feel that any view, however conservative in theory, is sound unless it really affords protection. We believe the conservative trustee must be courageous enough to recognize unusual circumstances and be guided by their mandate.

Early in this year, our Investment Officers made a careful survey of the outlook for monetary changes and of the effects of impending legislation. Special meetings were held beginning April 1, 1933, with the Trust Committee of the Board of Trustees, and after full consideration, it was concluded that changes in the economic outlook were sufficiently fundamental to warrant, if not compel, the inclusion of some equity investments in our Trust Accounts.

Immediately analyses were made of all trusts where equity investments were permitted under the trust terms, and we promptly recommended to our various clients detailed programs for converting into equities a portion of their funds, the amount depending upon the circumstances in each case.

We mention these facts only to illustrate that situations do arise which test the promptness, alertness and soundness of trust investment policies. We were not actuated by any desire to secure a speculative profit for our trusts. Our purpose was to lessen the risks of reduced purchasing power of the principal and income of the funds in our care.

The Bank of New York and Trust Company has been administering trust estates for more than one hundred years. Its basic policy of personal attention by senior executives to each fund has never been changed. It has always adhered to conservative investment policies with full recognition of changing circumstances.

**BANK of NEW YORK
and TRUST COMPANY**



Wide World

EYEBROWS LIFTED—Surprise was general on June 29, 1933, when the Bank of New York & Trust Co. advertised that it had recommended common stocks for its trust accounts. Although the bank aggressively promotes its trust operations, advertisements never mention its investment counsel department. President John C. Trap-hagen prefers to have the advisory business expand by reputation only.

ment counsel
as a post-war
ed to the ex-
a bouncing
ance became
as new in-
tors found it
ers to safe-
en who were
ns on secur-
& traces the
ssion whose
ed last week
third and
scuss (a) its
tor's stand-
imposed by

e without tak-
their invest-
distribution of
s?

s own small
with Sidney
rk, he organ-
ing house of
—on entirely
firm sold se-
fits made on
this, Scudder
the SEC. In
ies, the firm
customers. For

partners dis-
ing up more
ion; that in-
ities was no
isory efforts
meanwhile,
ddle. They
investment
tions. Late
tment bank-
ens & Clark
—with noth-

ent bankers
ormation on
ns were not
se they had
ich did not
ust depart-
advice, but
g by legal

rest calling
s the estate
led invest-
ther affairs
nor house.
ning a rac-
m was the
supervise

For it. The
roadening

SS WEEK

Boston, the seat of the nation's early in-
dustrialism, was comparatively mature.
But out West, new industries were
thriving—motors, especially. And New
England capital was itching for a part
of this expansion.

However, the field of investments had
become complicated. Railroad shares
were no longer dominant on the New
York Stock Exchange. A 15-minute
reading of the financial pages of the
daily paper did not equip one to pass on
investments. Expert advice was exigent.
Investment had become a full-time job
and Scudder was prepared to do that job.

Investors Were Suspicious

The business grew. Salesmen were
hired to acquaint the investment public
with the investment counsel's services.
It was a difficult task. Investors were
suspicious. Commissions were high and
were based on insurance commissions—
a certain percentage the first year, a lower
amount the next, and then a small pro-
portion from then on ad infinitum, as
long as the account lasted.

One of the early associates of the firm,
in a sales capacity, was A. Vere Shaw.
In 1926, he came to the conclusion that
there was room for another firm, and
branched out, forming Shaw, Loomis &
Sayles. In August, 1930, this firm split
into Loomis-Sayles and A. Vere Shaw
& Co., Inc.

Young & Ottley likewise had its be-
ginnings in 1926. James H. Ottley was
a Wall St. customers' man; C. W. Young
was a statistician. After market hours,
they would chat. They had other inter-
ests besides statistics. Both were Yale.

Ottley's accounts were large, but inac-
tive. This, naturally, did not please his
employers, interested in brokerage com-
missions. Ottley decided to pull out.
Young and he formed a loosely-knit as-
sociation, a sort of common-law partner-
ship. Ottley contributed his accounts.
Young also brought in some.

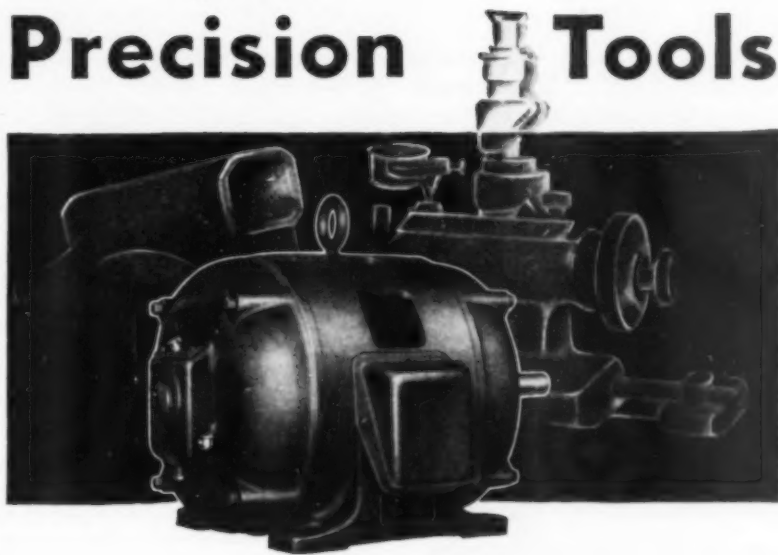
Started Advertising

In 1929, the firm was incorporated.
But just before that, Young was leery of
the market, and accounts were liquidated.
Not until late in 1932 did Young &
Ottley, Inc., repurchase common shares.
There was a nearly perfect depression
record. And they advertised the fact.
Theretofores nothing so enterprising as
public advertising had been considered
suited to the staid professional principles
built up by investment counsel.

Success did not bind Young and Ott-
ley. The two young men developed dif-
ferences of opinion which were not
entirely friendly. In July, 1933, they
parted. Young formed C. W. Young
& Co. His stock in Young & Ottley
continues in suspense. Ottley is to buy
it, but the price is unsettled. Certified
public accountants and a referee are
trying to fix satisfactory terms.

C. W. Young & Co. grew rapidly;

Precision Motors for Precision Tools



Because they are built to accurate and precise
tolerances—with more than ample mechanical
strength in the frames, end brackets, shafts and
supporting members—Century Polyphase Motors
help maintain the original satisfactory performance,
precision and accuracy of the tools they drive.

Keep themselves clean inside in the presence of
dust that will not harden with heat nor solidify
with high humidity—Easy to keep clean outside
—Remarkably free from vibration—Harmonizing
appearance.

Quiet Starting—Quiet Running

Century
MOTORS

CENTURY ELECTRIC COMPANY
1806 Pine Street • St. Louis, Mo.
Offices and Stock Points in Principal Cities

DIRECT CURRENT • SINGLE PHASE • SQUIRREL CAGE • SLIP RING
UP TO 600 HORSE POWER



Industry Welcomes the MALLORY Resistance Welding Man

Large plants, particularly in the automotive industry, know Mallory welding men not as mere sales representatives but as authoritative advisers in the production of better welds at less cost.

Mallory engineers are recognized experts in the welding art, and the Mallory organization was the primary force in promoting the use of water-cooled welding electrodes and in the development of high conductivity copper alloys for welding tips and wheels. Hardenable Mallory 3 casting alloys for welding machine elements and for large welding dies such as are used on flash welders are exclusive Mallory contributions.

Put your welding problems up to Mallory!

P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA

Cable Address—Palmallo

P. R. MALLORY & CO., Inc.
MALLORY

PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS

Young's reputation followed him. But again there was trouble. His new backers attempted to impose restrictions, brought in two new men, E. Thurston Clarke, of the investment department of J. P. Morgan & Co., and Robert W. Sinsabaugh, formerly associated with the Central Hanover Bank & Trust Co. It was not long before Young sold out his stock and found a new world to conquer—with Young Management Corp. C. W. Young & Co. became Clarke, Sinsabaugh & Co., Inc.

For the Little Fellow

Until this year investment counsel, as such, was available only to wealthy men and women. Accounts of less than \$100,000 were spurned. Now Young Management is going out after the small account—and the profession, to put it mildly, is looking on with interest. An individual with resources as small as \$10,000 can employ the services of Young Management for continuous, personal supervision.

To service the small fund, Young is charging an initiation fee—\$500 on the first \$10,000 and gradually lower up to \$100,000. It seems steep, but his supporters point out that a mutual investment trust charges a higher loading charge. In addition, there is a charge of 1/12% a month on principal—roughly 1% a year, which would correspond to the usual investment counsel fee.

Nearest approach to what Young is doing is to be found in the mutual funds of banks or the funds of Loomis Sayles or Scudder, Stevens & Clark. In these instances, however, the investments are not arranged according to the needs of the individual. These are pools, rather than personal management.

Recently, banks have gone into investment counsel in a large way. Customers almost force them into it. If a man dies, a widow comes to the bank for advice. The bank must tender aid, somehow. That, incidentally, is how New York's Equitable Trust Co. secured its first investment counsel account in 1929.

This department was established under John C. Traphagen, a vice-president who conceived the idea at the old Seaboard National. The Seaboard went through a series of mergers—first with the Equitable; then the Equitable was taken over by the Chase.

At the Chase, the investment counsel department was not expanded. In 1931, Mr. Traphagen became president of the Bank of New York & Trust Co., the city's oldest and known in old-time annals as "The Bank." He brought in E. M. Lufkin and W. R. Biggs, who were with him at the Seaboard, to handle investment counsel work.

As the old Farmers' Loan & Trust Co., the City Bank Farmers Trust (subsidiary of National City Bank), was one of the first banking institutions in the field. There, the investment counsel department has operated since about 1928.

Still Choosy

And today, most large New York City banks are in the business in some form: Bank of New York, the Guaranty Trust, the New York Trust. In some cases, supervision is confined to quarterly reviews of security holdings.

A good many banks avoid the business, do not regard it as a proper function. But if customers insist upon it, they will accede. The Chase National takes this purely negative attitude toward it.

Correspondent banks sometimes ask large city banks to supervise their bond portfolios, and New York's Manufacturers Trust specializes in this type of work, but charges no fee. Some banks hesitate to supervise another institution's bonds as well their own.

Some professional investment counselors are willing to solve this problem for the banks by handling institutional business. Young & Otley, for instance, welcomes bank portfolios. Brundage, Story & Rose will supervise funds of casualty and fire insurance companies.

But, for the most part, the investment counsel business is still choosy. Not only do most counsel insist on funds above \$100,000, but there is a decided preference for the personal business. Young Management, however, has cracked the ice—for the little fellow.

VEEDER-ROOT Inc.
HARTFORD, CONNECTICUT, U. S. A.

New Products

New things, new designs, new packages, new manufacturing and marketing methods.

In asking further information on new products or submitting data on new ones, address *Business Week's* Chicago offices—520 N. Michigan Ave.

FABRICATED pipe railing with jointless steel posts is a new item in the line of the Fabricated Steel Products Co. The pipe units are assembled on wrought steel connectors, joined by concealed welds. This construction is said to result in a strong railing which has a neat appearance because no fittings are in evidence.

FOOD CRAFTER, just perfected by Westinghouse Electric & Manufacturing Co., presents a brand-new arrangement for food mixers. All attachments (for



mixing, grinding, chopping, beating, and juicing) attach directly to the motor unit, which is enclosed in the main stand, eliminating the separate power stand formerly used with mixers.

A NEW Exide discharge indicator placed on the market by Electric Storage Battery Co. signals to operators of electrically-operated industrial trucks when the battery needs recharging by automatically lighting a bright red bullseye flash. It is small, compact, easily mounted on any truck and can be supplied for operation with 12-, 15-, 16- and 18-cell batteries.

For heavy washing operations, Deister Concentrator Co. announces the new Conenco Giant spray nozzle. It embodies new features to prevent clogging, can be supplied with ferrous, brass, bronze or nickel nozzle head and for use on 2 in. to 3 in. pipe. It requires no threads at the joints and can be quickly detached and reassembled.

THE Hi-Lo combination ladder offered by the Goshen Mfg. Co. can be used either as step ladder or straight ladder. It is fitted with a malleable geared hinge that holds the two sections together and can be locked in any position so that ladder can be extended at any desired angle or the two legs may be locked to form a double-length out-door ladder.



Beauty, too,
"buys"

ACME SUPERSTRIP

Whether It's Flawless Finish or Super Strength There is the Right Kind of Acme Superstrip

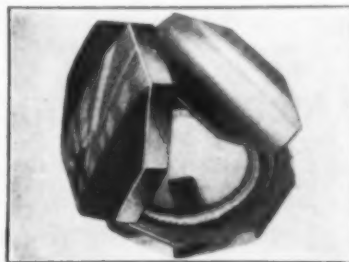
Manufacturers find a big difference between strip steel that is only "nearly right" and Acme Superstrip.

Acme studies the requirements of the particular job—then rolls the correct strip for that specific product.

Whether the need is cold rolled Superstrip for a dainty compact or hot rolled for a rugged automobile wheel rim—production is smoother, products are better. Waste and rejections are cut to the minimum when Acme Superstrip is on the job.

Acme takes pains to make life easier and more economical for the manufacturer. Even your method of handling in the plant dictates the manner in which Acme Superstrip is packed for shipment.

Send the coupon for a copy of the illustrated booklet, "Batting 'Em Out." No obligation. ACME STEEL COMPANY, General Offices: Chicago. Branches and Sales Offices in Principal Cities.



● Compact—made from either stainless Acme Superstrip or No. 3 Finish Cold Rolled for chrome plating. Part of top is enamelled



● Automobile wheel rim, a difficult formation, manufactured from Hot Rolled Acme Superstrip. This part is formed cold, after welding, and is also sized cold.

Acme Superstrip

HOT ROLLED • COLD ROLLED



GALVANIZED • STAINLESS

ACME STEEL COMPANY, 2828 Archer Avenue, Chicago
Send me a copy of the booklet, "Batting 'Em Out."

Name _____

Firm _____

Street _____

City _____

State _____



BRITAIN'S BID—The swift flying boat *Canopus* rises from the Medway River, at Kent, England, in a trial flight with the hopes of Britain resting on her broad wings. Furthering Britain's transoceanic experimental program, the *Canopus* is first of a fleet of 28, weighs 18 tons, is powered with four Bristol Pegasus 900 hp. engines, and is rated to maintain cruising speeds of 150 m.p.h. or more, for distances of 1,500 mi.

Ocean Transport Ready

**Pan American sets date for Pacific passenger service.
England launches a new experimental transport.
Germany sends two pilot planes to America.**

TRANSOCEANIC air transport talk is running strong these days. Pan American Airways announced on Monday that Pacific passenger flights to Manila would begin on Oct. 21, the planes taking off from San Francisco on a weekly schedule thereafter.

And the previous Saturday night the Lufthansa mother ship *Schwabenland* arrived in Port Washington, Long Island, following up the two flying boats—*Zephir* and *Aeolus*, which she catapulted into the air off the Azores on Sept. 9 and 10.

Meanwhile, the Pan American Airways stands by waiting for the Imperial Airways to get ready for the Bermuda service. Pan American has had suitable equipment available for some time but Britain has not been using aircraft capable of such long sea flights. She has just launched the first of the new type "Empire Flying Boats" designed for over-water service but not considered ready for the long hop to Bermuda with a pay load.

This Bermuda service is to be on a fifty-fifty basis. The terminal port for passengers in America has not been announced. Pan American has a base at Port Washington with hangar and dock facilities for repairs, but has been surveying ports from Charleston north.

That leads back to the Germans again. Rudolph A. Jahn, American agent for Lufthansa, gave an interview to a Wash-

ington paper the other day, in which he was quoted as saying that Pan American, Lufthansa, Royal Dutch Airlines, Air France, and the British Imperial Airways "have laid down their hatchets and will not compete in the trans-Atlantic service, but form an international corporation." Pan American denies this. The word undoubtedly should have been *cooperation*, which is certainly already in effect, for the German line is right now using the Port Washington facilities.

Exchange Idea Prevalent

This is quite to be expected, despite earlier reports of sharp rivalry on the transatlantic lanes. Lufthansa is already actively cooperating with Royal Dutch, Imperial Airways, and Air France on the other side. Between London and Berlin, German and British planes use each other's mechanics, hangars, and fields. The Germans and French have the same arrangement on the run to Rio de Janeiro and Buenos Aires.

There can be no doubt that the Germans are planning to support regular Zeppelin service with flying boats. There was a catapulting demonstration off City Island on Tuesday when the two *Dornier Do 18* flying boats took the air off the *Schwabenland*. The *Zephir* and *Aeolus* are going back to the Azores, thence to Germany. They are purely experimental planes, powered with die-

sel engines and carry a crew of four men but no passengers.

On the Pacific all appears to be ready. After their initial troubles, the Clippers were established by February on a schedule of two practice flights a month to Manila. By July they were making three trips, in August four, and this month have been arriving and departing from San Francisco every seven days. When the service starts in October the planes will leave the Alameda airport at noon and arrive in Honolulu the next morning. The following day they will continue to Midway Island, where an overnight hotel is ready on this isolated coral reef. The third day they will fly to Wake and spend another night, the fourth day to Guam and rest again. On the fifth day they will arrive in Manila, a total voyage of 8,200 miles. Three 26-ton Martin flying boats will maintain the weekly schedule.

First Sleepers South

A little domestic coast-to-coast air transport history was made last week Friday, when American Airlines began the first regular sleeper service, over the southern route. These are air-conditioned, sound-proofed, Pullman planes with roomy berths, private "sky-rooms," seven-course dinners, and other luxuries. Eight of these new "Flagships" are now in use tied in with other American schedules so that practically all cities on the system may connect with the sleepers. They will make the east-bound flight from coast to coast in less than 16 hours.

Shoe Threat

European shoe industry organizes to meet new threat from Batá of Czechoslovakia

BERLIN (*Business Week Bureau*)—At a conference recently held at Luxembourg, where the shoe manufacturers of Holland, Switzerland, France, Belgium, Austria, and Yugoslavia were represented, it was decided to form an "International Shoe Bureau" to be located permanently at Zurich, Switzerland.

Officially, the purpose of the new organization is to establish a basis for international cooperation within the shoe industry. One of the minor objects is to introduce uniform terms for the various grades of leather. Real purpose, which is only thinly disguised, is the desire to form a defensive union against the inroads of Batá, shrewd Czechoslovakian producer who dominates Europe's shoe industry except in countries from which he is banned by high duties.

The action was precipitated by the report that Batá has been contemplating a new aggressive move, the introduction

37

and *Manhattan*, though it may be a bit faster and swankier to compete with the new luxury liners.

Scandinavians will build the last two vessels announced in the present round of new tonnage. The Swedish American Line, with its popular *Kungsholm*

and *Gripsholm* booked solid, will build the *Stockholm*, to enter service late in 1938. Norwegian American owners have already placed with German shipbuilders an order for a 15,000-ton vessel to make the run from New York to Norway in seven days.

materials deficiencies than a return to Germany's old colonies in Africa and the Far East, especially since their return would antagonize Britain.

In his address early this year at the time the Rhineland was reoccupied, Hitler indicated for the first time that he still considered a return of the colonies of real importance in meeting Germany's economic deficiencies.

Answering London's Criticism

The Nazi propaganda machinery has taken up this new shift in policy with some potent economic arguments, to supplement the "prestige" motive and the desire to abolish the last vestiges of the Versailles "colonial guilt doctrine." Particular stress has been laid on refuting two counter arguments which have been repeatedly raised abroad, especially in London:

(1) Germany can buy her raw materials wherever she wants. Big producers would be only too glad to sell.

(2) The importance of her pre-war colonial possessions to Germany has been grossly exaggerated by German propaganda. Up to 1914, they were rather a liability item for the Reich. In 1913 they supplied only 0.5% of German imports, and took 0.6% of German exports. In the years 1904 to 1913 they absorbed merely 0.13% of German emigration and 0.005% of Germany's population increase.

The German reply to the first argument is that it would only hold good if Germany possessed unlimited supplies of foreign exchange to buy these materials in "open world markets." As matters now stand, she must be able to buy the supplies she wants in her own currency. This would only be possible in territories which are under her own sovereignty.

On the other hand, it is impossible

What Hitler's Newest Deal Means

Home-made substitutes for imports, more export subsidies, further sacrifices by German industry, greater danger of inflation—these are results in prospect.

BERLIN (*Business Week Bureau*)—Germany is now the largest producer of aluminum in the world, though only 1% of the bauxite is produced in the Reich. The raw material is imported from Hungary, Yugoslavia, and France.

Before and during the War, Germany derived the greater part of her lead and zinc from mines in Silesia. Three-fifths of these mines now belong to Poland. German mines meet about two-thirds of domestic zinc needs, one-third the country's lead requirements.

There is only one important copper mining district in Germany and, even with a government subsidy, it is unable to produce more than 10% of the needs of German industry.

Reason for Hitler's Program

This helps to explain Hitler's new 4-Year Plan for Germany—to make the Reich independent of foreign supplies of raw materials. It also is behind Berlin's fresh demands for a return of the former German colonies.

The self-sufficiency program marks a significant change in German import policy which will be applied only slowly, but it certainly does not mean any lessening of the rigid control over business and the submerging of private business ambitions to the national policy.

In the last few years, the German public has been forced to accept sporadic shortages of various food items—meat, eggs, butter—so that the government might spend its limited foreign exchange for raw materials which have gone into German arms and thus kept an increasing number of men at work.

Under the new plan, the emphasis on import curtailment will be on raw materials for which substitutes can more readily be found and the volume of which has necessarily been large. As these substitutes develop, an increasing volume of foreign exchange will be freed for the increased purchase of foodstuffs.

Hitler admits this is a reversal of his former policy. He now talks frankly of the inability of a country with a population of 136 to the square kilometer to become self-sufficient in the supply of food. There will always be a

deficit that can only be covered by imports. On the other hand, he seems to be greatly impressed by the technical successes achieved in the last two years in the production of synthetic substitutes for industry. The full pressure of the dictatorial régime is now to be brought to bear on the development of such materials. Also, these new industries will absorb those who may become unemployed when the armament drive subsides.

Business hopes that, with the end of the rearmament program and the removal of the most urgent recovery needs, industry would be freed of the endless restrictions which have bound it for the last three years, are shattered by the new announcement. No "private boom" is going to succeed the present state-subsidized boom. It is going to continue, but with a new objective which will demand further adjustments and new sacrifices by private business. Profits are obviously not going to be a major motive with the government.

At home, Germans have come to consider territorial expansion in central and southeastern Europe of far greater importance in meeting both food and raw



THE FRONT ROW—Germany's strong men meet at Nürnberg to open the annual Nazi party conference. From right are four of the stalwarts who lead the Reich in bold forays to establish German supremacy: Hess, Streicher, Hitler, Liebel.

than a return
es in Africa
ly since then
Britain.
this year at
reoccupied. H
first time that
of the colon
in meeting Ge
encies.

Criticism

la machinery
it in policy w
arguments, to s
motive and t
last vestiges
guilt doctrine
laid on relat
ents which ha
broad, especial

uy her raw m
ants. Big pr
oo glad to se
of her pro-
Germany ha
ed by Germa
14, they we
r the Reich. I
0.5% of Ge
6% of Germa
1904 to 191
1.15% of Ge
0.05% of Ge
the first arg
nly hold goo
limited suppl
buy these ma
markets." At
ust be able
ts in her oar
ly be possib
nder her oar
impossible

Because the government controls com-
pletely the plan to develop synthetics at
home, whereas the colonial solution de-
pends on other governments, Germany
can be expected to push self-sufficiency
harder in the next few years.

Some Who Benefit

Internally, this means that the coal,
machinery, and chemical industries will
benefit from the new government-sub-
sidized drive for substitutes. The com-
mandeering of capital by the govern-
ment for the new enterprises will con-
tinue and the embargo on private loans
will not be lifted. It suggests that the
German working class will have to be
content with its present nominal wages
and, probably, with a decline in its
standard of living. It means that taxes
will rise, and that inflation is a more
serious possibility than it has been so far
under the Nazis.

Foreigners will be aware of a shifting
of German purchases abroad as the syn-
thetic substitutes for raw materials are
developed. Those who have food prod-
ucts to sell will win a larger share of
Germany's business.

In world markets, Germany will find
it increasingly difficult to compete with
other industrial leaders because of the
higher costs of production of the new
substitute materials, at least during the
years they are being developed. This
will force the Reich to continue, and
probably enlarge, its export subsidies.

Finally, Germany's economic isolation
will be deliberately intensified by the
new program, with the possible result
that foreign debt service on existing obli-
gations will be further reduced.

HERE'S ONE TAX you CAN ELIMINATE

YOU may be paying a tax on materials handling. Frequently the lifting, hauling and storing of goods—an unproductive yet essential operation in every industry—add excessive costs to production. Inefficient methods slow up plant operation and make it difficult to meet competitive prices without losing money on orders.

The difference between the operating cost of a Yale Electric Truck System and that of antiquated equipment (often Yale shows a saving as high as 80%) is a tax on your business.

Examine your materials handling methods and see if you are being needlessly taxed. A Yale Engineer will gladly assist in your survey and recommend the equipment that will serve you most efficiently and economically.



THE YALE & TOWNE MFG. CO.
Philadelphia Division, Philadelphia, Pa., U. S. A.

TRADE **YALE** MARK

Just Published

Successful Direct-Mail Methods

by **JOHN K. CRIPPEN**

Manager, Advertising Department, L. B. Allen Co., Inc.

336 pages, 6 x 9, illustrated, \$3.50

SIMPLE, concise treatment of principles, materials, methods of effective direct-mail practice. Covers letter-writing, selection and use of enclosures, planning of campaigns, in detail. Includes complete reference data on regulations and methods in use of mails.

Emphasizes practical facts, based on experiences of 50 leading mail advertisers. Includes many illustrative examples of successful letters, enclosures, etc. Simple, direct treatment, especially valuable to business man, or occasional user of direct-mail who wants quick details of money-saving, result-getting practice in this field.

Result-getting pointers on

- 49 ways to use direct-mail
- 3 essentials of the direct-mail letter
- action-producing letter appeals
- merchandising hints on direct-mail enclosures
- discussion of penny postcard campaigns
- mailing list maintenance methods
- sources of mailing lists
- data on testing
- postal laws and regulations
- summary of common errors in mailing
- and many others.

10 DAYS' EXAMINATION ON APPROVAL—SEND THIS COUPON

McGraw-Hill Book Co., Inc.,
330 W. 42d St., N. Y. C.

Send Crispin's Successful Direct-Mail Methods for 10 days' examination on approval. In 10 days I will send \$3.50, plus few cents postage, or return book postpaid. (Postage paid on orders accompanied by remittance.)

Name
Address
City and State
Position
Company BW-9-26-26
(Books sent on approval in U. S. and Canada only.)



Alky-Gas Troubles

Germany turns to synthetic "wood" alcohol, and Kansas changes raw material.

IN spite of Germany's new campaign to develop synthetic raw materials which can be produced at home, the Germans are abandoning ethyl alcohol of agricultural origin as a motor fuel. Methanol (popularly known as "wood" alcohol) is taking its place, as it is doing in the United States. But the new methanol is largely synthetic, instead of being distilled from wood. The trend in Germany is stated in a flash to Washington by U. S. Consul Redecker:

"The prospects clearly are that ethyl alcohol of agricultural origin will steadily diminish in importance as motor fuel in Germany and the time may not be distant when its compulsory consumption will be abolished altogether. Alcohol motor fuel has never been popular in Germany, because of its high cost, inferior efficiency and the inherently uneconomic factors surrounding it. Its abolishment will be welcomed by the motoring public and all commercial and industrial branches concerned with automotive transportation."

American advocates of alky-gas will, to say the least, be embarrassed. Their principal argument in the past has been that Germany has had great success in its use of alcohol-blended motor fuel.

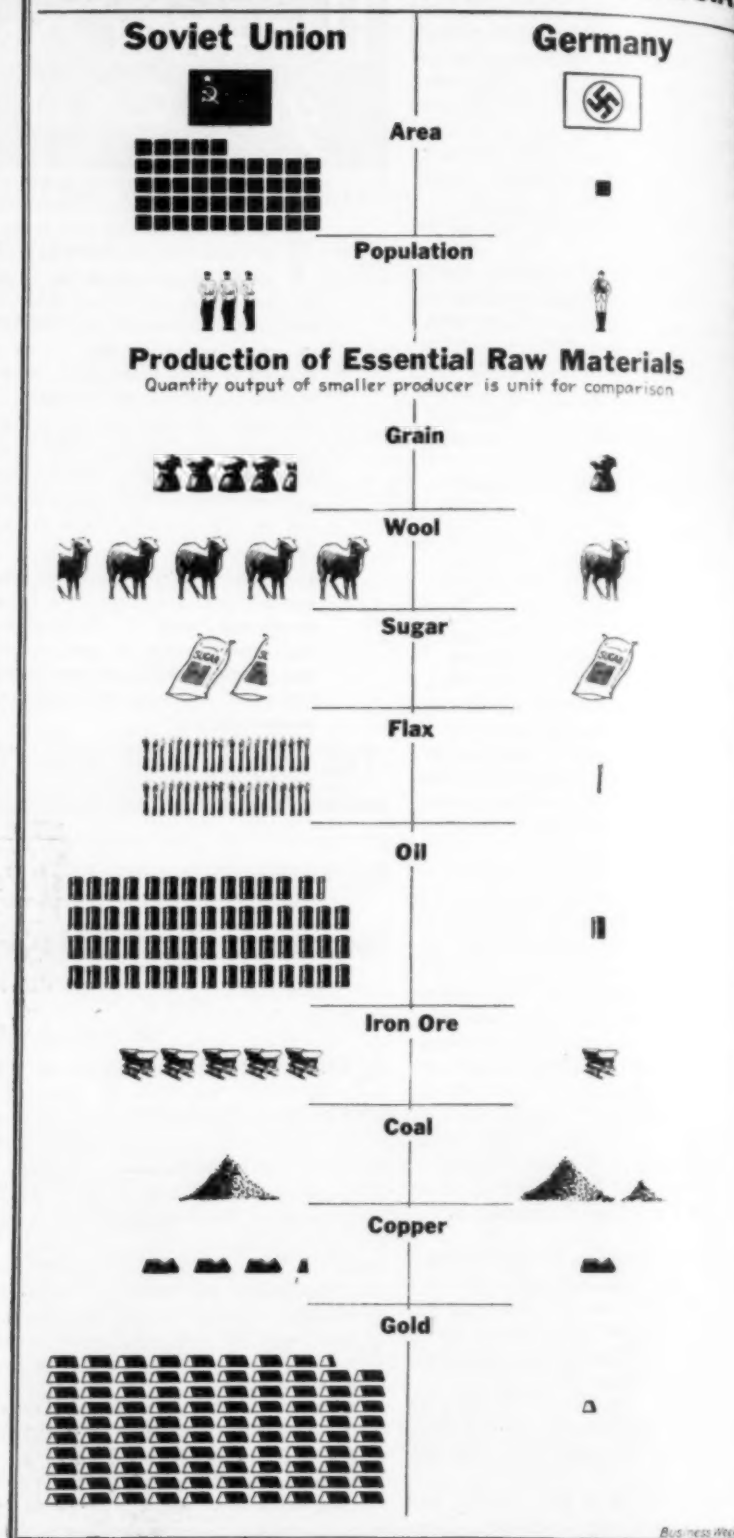
The fact that other synthetic products are driving this agricultural alcohol out of the picture is not surprising. In America there is the same trouble, and it extends to other fields.

Drought Alters Program

High-priced corn in Kansas nearly two months ago compelled a change in the experimental plan for alcohol making which is being subsidized by the Chemical Foundation. That "chemurgic experiment" found it necessary to change raw material. Then it found no available, reasonably-priced molasses. Recently it announced that Louisiana molasses, Jerusalem artichokes, and other low-cost agricultural carbohydrate materials would all be used. Technical plant changes were needed as well as commercial negotiations for raw materials. Critics, of course, say that no conclusive results can be expected from this commercial-scale trial with all the need for changes which have been forced by the drought.

American synthetic methanol is far outdistancing the product made from wood distillation; and it is making similar inroads on the alcohol markets of America. Most significant is the use of methanol as an anti-freeze. Old-school American alcohol makers, however, are even more logically worrying about its invasion of solvents markets also.

WHY GERMANY COVETS RUSSIA



BATTLE OF THE "HAVE-NOTS"—Germany, with an area smaller than Texas and including some of the least fertile land agriculturally and minerally in Europe, is struggling to support a population half that of the United States on a standard of living established when the Reich was a much larger empire and a leader in world trade. Only a few hundred miles away, the Soviet Union has what Hitler considers more than its share of land, farm and mineral riches. In the chart, the unit for comparison of all items except coal is Germany's total output. Germany mines more coal than Russia.



SETTLEMENT AT PARIS—Final steps in the settlement of the series of strikes at the Paris Exposition, were conferences between government officials and labor leaders; this is one of the parleys. Roger Salengro, minister of the interior, and the mayor of Paris are pictured talking with workers' representatives on their arrival in Paris.

Business Abroad

Moderates again dominate French government and force end of radical strikes. Soviets test speedy new plane. Mexico and Argentina threaten foreign oil interests. Japan starts building for the Olympics.

Paris (Wireless)—France has been saved for the time being from extreme radicalism. The government has won a complete victory over the radical strikers at the Exposition, indicating its intention of supporting employers against workers when their demands are extreme. Sporadic strikes continue on a small scale, but many Frenchmen feel that the turning point has been reached and that France is due now for a period of gradual social stabilization. This accounts in large part for the firmness of the Bourse this week, though it has been insufficient so far to prevent the franc from weakening further in foreign markets.

Inability of League members to come to terms shatters Franco-British hopes of giving a Locarno front, though Italy may ultimately be won over because of distrust of Germany's growing activity in Central Europe, and particularly in Hungary. The revival of French interest in this area has helped to counteract fears growing out of Hitler's rankling Munich threats.

Informed Europe generally expects the rebel forces to dominate Spain, with the exception of Catalonia, within a comparatively short time. Heavy fighting is likely to continue, however, even after the rebel forces take Madrid and succeed in establishing themselves as the legal government, for Catalonia will not submit readily to any fascist government. Since most United States interests are in this region, the outcome is of considerable importance to Americans.

Great Britain

Stock markets are active. Delayed shipments from Spain upset some lines.

LONDON (Cable)—Depreciation of the franc is regarded here this week as appreciably nearer. It will be an event of major trade importance despite the fact that most large markets have prepared for it because it has been expected for such a long time. Markets are expected to settle rather quickly from the shock.

Dividend accumulations, the continued flow of funds from the Continent, and fresh capital tempted by rosy industrial reports are flowing steadily into gilt-edged securities. The growing tendency to invest in securities in primary producing countries has revived interest in Canadian and Argentine offerings.

Heavy wheat purchases by the British this week are due to the milling trade's determination to avoid a shortage of

supplies. Buying by the Continent is due to bad harvests and indicates that the possibility of a world shortage is real, but not certain.

The Spanish trouble is now having its inevitable commercial repercussions. Exchange difficulties are causing complications even where the goods are available. Fruits, including oranges, olives, lemons, pomegranates, raisins and nuts are seriously affected. A million barrels of oranges usually reach Liverpool in a year. One steamer has recently arrived with 6,500 barrels but it is not known whether any more will arrive. Seville oranges, usually shipped in November, are required for marmalade making, but merchants do not know what supplies will be forthcoming. Cork, copper and pyrites are also held up.

Announcement that the Birmingham section of the British Industries Fair is extending by 12,000 feet the space available for exhibits is indicative of the general business improvement and optimism in Britain.

Soviet Union

Russians send commission to study mechanized construction methods in England and United States. New commercial airplane claims speed record.

Moscow (Cable)—The possibility of sizable Soviet contracts for American building engineers is anticipated in Moscow with the departure this week of a large delegation of business managers and engineers from the Moscow City Council to study municipal construction and management in America and England.

The delegation, which is headed by A. Novikov, acting chief of Moscow's municipal construction department, will make a thorough investigation of mechanized construction of dwelling houses and public dwellings. Modern finishing materials, as well as the manufacture and operation of municipally operated services, are said to be of particular interest.

The visit is significant in view of the fact that a broad campaign thoroughly to mechanize civil engineering and municipal construction has just been initiated here. Present backwardness of construction methods is one of the greatest obstacles to this country's gigantic building program, particularly to the spectacular 10-year plan for rebuilding Moscow.

Fastest Plane

Of no less significance is the claim, tooted throughout Moscow this week, that the Soviets now have the world's fastest passenger plane. The ship will be adopted on all important commercial air lines next year. It is a low-wing, bimotor monoplane; carries 10 passengers, and has a cruising speed of 220.

miles an hour and a maximum speed of 260 miles, as compared with the American Douglas with a cruising speed of 205 miles and a maximum speed of 255 miles.

On its test flight, the new ship covered the round trip from Moscow to Leningrad (800 miles) in three hours and 38 minutes flying time. Its cruising range is stated to be 1,500 miles. The 5,000-mile flight from Moscow to Vladivostok can be covered in 26 hours in one of the new planes.

Arctic Air Freight

The claim is now made here that next year will see Soviet aviation rise to the level of its American model. This is probably an exaggeration in some respects but it is true that 1936 has been an epochal year in Russian aeronautics and tremendous development is inevitable as a result of current achievements. Air freight, particularly in the Arctic, will certainly expand rapidly and great attention has been attracted by Moscow authorities to the Soviet airmen's quiet annexation this summer of the world's altitude record for planes carrying payloads of 1, 5, and 10 tons.

When V. M. Molokov landed in Moscow recently he brought to a close the 16,000-mile flight which began in June in mid-Siberia and which included the first complete air journey along the Arctic shore from Bering Strait to Archangel. The opening of an air freight line there is declared now to be simply a matter of organization which will probably begin next spring.

The Russians are making new progress in another line. After surveying various sites for more than a year, it has been decided to locate Russia's Hollywood in southeastern Crimea at a spot between Yalta and Sebastopol which is said to rival Los Angeles for the number of sunny days per year and for the variety of its scenery. Preparations for construction already have begun and the first production units probably will be ready for use in 1938.

Last week's rosy reports concerning the cotton harvest have been tempered by more recent reports of a shortage of labor to pick the harvest and the unwillingness of workers in the region to give up more remunerative work during the cotton picking season. Bad organization is blamed. In the meantime, a number of the country's largest textile mills are operating with a bare 5-day supply of raw material on hand.

Germany

New wave of French activity in central Europe worries Berlin.

BERLIN (Cable)—This country is uneasy over Czechoslovakia's plan for closer economic ties with the Little Entente, and over the impending visit to southeastern



AMERICAN, RUSSIAN, CHINESE, DUTCH—Four nations are interested in transport of oil represented by this picture; a Federal truck (built in U. S.) is vehicle owned and operated by the Kwang Wha Petroleum Co., agents for the Russian oil trust. The up-to-date distribution station in the background is operated by Royal Dutch-Shell. American companies are also big distributors in China.

Europe of the official French delegation. French credits and arms supplies on terms similar to those granted to Poland are expected to follow. Germany still has the benefits to industry of the trade which was drummed up by Dr. Schacht, but the political importance of his visit may be lost in this new wave of French activity among the old allies of Paris.

New trade negotiations with France are expected to revive the flow of business between the two countries.

August's large favorable trade balance (highest so far this year) is due to larger sales abroad, particularly in Argentina, China, and South Africa.

Canada

Dominion expects big profits from wheat exports. Textile mills may suffer in revision of trade pact with Britain.

OTTAWA—Since start of the crop year, exports of wheat have been 77% above that for the corresponding period of last year. The Dominion Bureau of Statistics estimates there will be little left for export at the end of the crop year. It places the exportable surplus now at 242 million bushels. This month both the United Kingdom and the United States have been taking double the amount they took last September.

At \$76,000,000, federal income tax collections for the first five months of the fiscal year are \$15,000,000 over the corresponding period of last year. Other federal revenues are up in proportion.

Building permits in August fell nearly 15% below August of last year.

The Third World Power Congress representatives were told here by Transport Minister C. D. Howe that Canada was still rich in undeveloped electricity. It has developed only 8 millions of its 43 millions of potential hydro power. It stands second to the United States in developed power.

Automobile manufacturers supplying the Ontario market have been urged by Ontario provincial authorities to eliminate "dagger" door handles for 1937 models. These handles have caused 2 or 3 deaths recently, puncturing pedestrians. For existing models, authorities have approved a rubber knob to be fitted on the handle.

Canadian textile interests, centered mainly in Quebec, are concerned about the possible trend of negotiations for revision of the 1932 Canada-United Kingdom trade pact expected to be continued by Prime Minister Mackenzie King in London following the League of Nations meeting he is now attending. The present Ottawa government is expected to consent to considerable concessions to British manufacturers in revision of the pact and the highly monopolized and fairly well protected textile industry is considered in some quarters able to stand increased competition from England. Revision of the pact will not be completed before next year, when the term of the present pact expires and when Empire statesmen are in London for the coronation.

Both Ontario and Quebec are seeking new ways of encouraging development of their mineral resources. Latest drive in Ontario is toward better highways in the North Country and millions will be spent on road improvements next year. In Quebec, the provincial government is doing likewise, also awarding scholarships and other inducements to young men to go in for mining careers.

Latin America

Argentina will convert dollar bonds. Mexico and Argentina plan new restrictions on foreign oil interests. Roasted Brazilian coffee reaches this market.

JUST when Ecuador has announced a resumption of government control of foreign exchange operations, the Argentine

received talk of discontinuing its export control operations. The Argentine offers no explanation for its move, but the Argentine explains that it expects to be able to convert a large part of its dollar obligations soon, and the savings in interest payments on its commercial obligations without loss of exchange control.

Argentina Will Save

The first instalment of the Argentine conversion issues is expected on the market by the end of the year. The present issues, in all cases but one, bear 6% interest. Probably \$240,000,000 will ultimately be involved in the deal. The Argentine government has maintained its payments on its entire debt throughout the depression.

The oil broke into the week's news. In Buenos Aires, representatives of American and British oil interests conferred on the future operations in the Argentine. Under the decree, the government actually set up a government oil monopoly by investing the State Oil Co. with full power to regulate petroleum imports, and the establishment of new oil filling stations, and the licensing of new agents.

At present the government oil company handles about 20% of the country's business. Foreign interests are convinced the new move has been taken to force a minimum of 50% government control of the business. With the Argentine's new roadbuilding program and the dawn of a high degree of prosperity, automobile registrations are likely to increase rapidly. This would help to maintain the foreign oil interests' volume of business near present levels, but

prevents their sharing fully in any expansion of oil consumption.

From Porto Alegre, Brazil, it is announced that a new oil company is being financed to work the oil which has been discovered in Bahia province.

Mexico furnishes more restrictive oil legislation. "An investment of at least 25% of its profits in Mexico by mining companies operating in this country; expansion of the federal mineral reserves; preference to Mexicans in exploiting mineral lands; and substitution of a 5% royalty on gross income for present taxes are features of the new mining law" that is being drafted and is soon to be presented to congress.

Officials in Mexico City have announced that the government is planning to sponsor an international exposition to be held in the capital beginning in November 1938 and to which the whole world will be invited. Railroads, steamship lines, and aviation companies have already agreed to provide reduced round trip fares. The government will back an international publicity campaign through newspapers, magazines, radio, and lectures. Aim is to bring one million visitors to Mexico for the fair.

Coffee Invasion

Coffee roasted outside the United States and shipped here for retail distribution is beginning to worry the coffee market. A coffee company in Rio de Janeiro is shipping hermetically sealed, American roast and grind, Brazilian coffee to this country at the rate of 30,000 cans a month. Wholesale price is said to be 16c. The cans are labelled "Pure Santos Coffee."

Hardly had this information reached the industry when the Associated Coffee

Industries of America revealed that Guatemala was planning to distribute in this market its own brand of roasted coffee. The domestic roasters and other coffee distributing interests have protested to the Guatemalan minister in Washington that such a scheme will work against the interests of the industry as a whole, since the American public is educated to a blended coffee and not the product of any one of the big Latin American producers.

Far East

Japan tightens hold on China. Tokyo completes plans for giant publicity program featuring 1940 Olympics.

THE threat from German militarism in Europe has given Japan an opportunity for fresh conquests in the Far East. In the north, officials are not swerving from their determination to bring directly under Japanese troops every strategic point between the Yellow River and the Manchukuan border.

In the south, the navy is taking a firm stand on the Chinese mainland opposite Japan's southern stronghold in Formosa and, following the recent incident near the southern border, is strengthening its foothold in South China near the border of French Indo-China and in the area where Britain has enjoyed preferences.

In the Yangtze valley in Central China, the Japanese are moving more cautiously because this is the center of British and United States trade activity. They are steadily inching in, however, and it is not likely that they will offer any concessions to the British in spite of rumors of negotiations along these lines.

It is significant that this shift of activity to South China brings Japan within 700 miles of the Philippines, to the very borders of French colonial Asia, and in the sphere of influence of enormously rich British and Dutch colonies which are protected from the Singapore naval base.

Fear Tax Increases

In Japan, the week has brought pressure on stock prices due to the proposals for sharp tax increases which will directly affect business. Income, corporation, inheritance, and stock exchange taxes would be increased by the Finance Minister for the sake of the increased revenue they would provide.

Tokyo's official publicity agency for the 1940 Olympic games will be the bureau of tourist industry of the Railway Ministry. Concentrating its attention mainly on the United States, the bureau already has adopted a 3-year publicity project which will be carried out on a worldwide scale beginning with the 1937-38 fiscal year. Expenditures will run to nearly \$300,000 a year for the next three years.



APR 10

FOR A BANNER YEAR—London, and all England, is busy getting ready for the coronation ceremonies set for next May. Thousands of flags, streamers, and strips of bunting (which other European nations are also making, in warlike preparations) are needed for the celebration. War clouds kept many travelers off the continent in England this year, and England hopes for an even greater tourist season in 1937.

Increased Dividends

rendered advisable under present Federal tax laws, accentuate the problem of executives in balancing the demands on cash for taxes, dividends and working capital. The economical solution of this problem may lie in the sale of additional securities adapted to this purpose.

F. EBERSTADT & CO.

Incorporated

INVESTMENT BANKING

39 BROADWAY

NEW YORK CITY

Money and the Markets

Good news continues, with steel operations rising to high for year. Increase in capital demand, new issues like huge A.T.&T. offering may set stage for fall financing wave.

WHILE Robert V. Fleming, president of the American Bankers Association, was discussing the general problem of taxation at the San Francisco convention; while the League of Nations was tackling the dilemma of the gold bloc at Geneva, and while President Roosevelt and Governor Landon were trying to decide who first hit upon the idea of farm crop insurance, American securities, commodity and metal markets this week pursued a non-partisan, unperturbed course.

With steel operation at 74.4%, the best level for the year, and with awarded construction contracts sharply higher, the stock market thrust into high ground. True, utilities were laggards, but that has become commonplace. It was hoped that the World Power Conference might bring federal and private interests to an understanding, but the Administration continues to talk about "low" rates; and when the administration says "low," it frequently means less than wholesale. All of which has scared investors away from utility shares, though this group affords a relatively higher income than the industrials.

Secondary bonds gave a good account of themselves, and convertible issues

such as Allis-Chalmers 4s of 1945, and American Type Founders 2½s to 5s, did some high flying—influenced by the strength in the stocks. In the case of Type Founders there was concrete news. Sales in the five months ended August were 35% ahead of last year. International Telephone & Telegraph Corp. debentures, which have been depressed by the Spanish news, managed to stop falling—and gained a bit. The success of the rebels in recent operations was a fortifying factor.

Recent new issues of high-grade obligations have gone over well, and American Telephone & Telegraph finally came forth with its registration papers for \$175,000,000 of 25-year

3½% debentures, the largest single of corporate financing in American history. Morgan Stanley & Co. will be distributing, but \$25,000,000 have been reserved for Bell System trust fund. Pacific Gas & Electric also registered a new issue with the Securities and Exchange Commission—\$35,000,000 and refunding 3½s, due in 1966. In each instance, the purpose is to refinance higher interest bonds, thereby saving charges and improving the earning power of the common stocks.

The Telephone offering will be placed on the market next month, and may well be the signal for other financing and set the stage for a business for underwriting houses. Although flotations to date have been chiefly for refunding, a backlog of capital demand has been built up, and investors readily absorb the A.T.&T. record-breaker, banking houses and industrial companies will become more aggressive.

Tax Law Influence

Since the Securities Act of 1933 was passed, the largest issue floated to date has been the Brooklyn-Manhattan Transit refunding job, last April. It did not go so well, and bonds remained for quite some time on dealers' shelves before they were finally taken up by investors. In the same month, \$90,000,000 Youngstown Sheet & Tube 4s and 3½s were sold.

The only issue of a size comparable to the A. T. & T. offering occurred in 1925, when Dillon, Read & Co. and associates sold Dodge Bros. to the public. This embraced preference stock and convertible debentures with common stock thrown in as a bonus. It was accomplished in two operations. The total was \$160,000,000.

The tax bill, even though business regards it as poison, prevails as a stimulating market influence. Dividend

Answered in Full

The Securities and Exchange Commission fired a question at Prof. Oliver M. W. Sprague and got back the *mot juste*.

Prof. Sprague, monetary adviser to President Roosevelt in the early days of the administration, appeared before the commission in his capacity as president of the Massachusetts Investors Trust, a mutual investment trust.

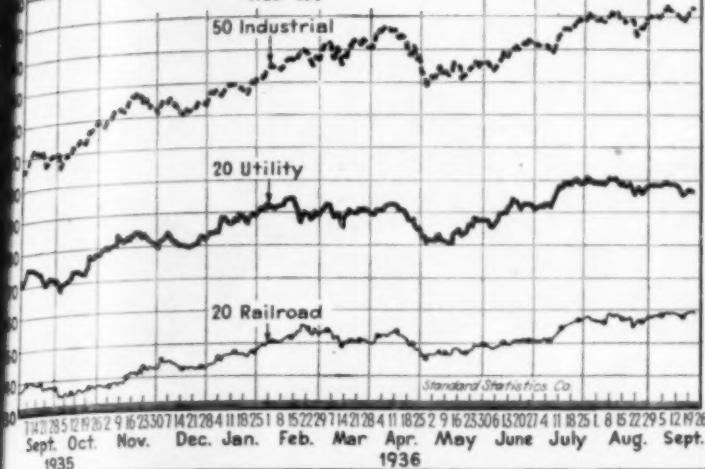
Question: If something was done (by the directors) that you did not approve of and you resigned, would you tell the shareholders your reason for resigning?

Answer: I did once resign on a notable occasion and I gave my reasons to the public.

Whereupon, the inquiry took a new tack.

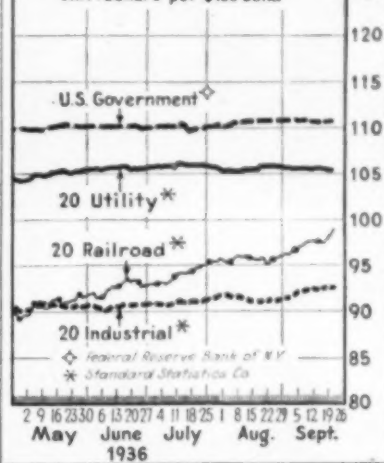
STOCKS DAY BY DAY

1925-100



BONDS DAY BY DAY

Unit: Dollars per \$100 Bond



largest single... in American... & Co. will... 100,000 have... stem trust... also registe... Securities and... \$35,000,000... due in 1936... purpose is to... thereby saving... the tax... stocks... offering will... next month... for other... stage for a... writing has... to date have... a backlog of... been built up... the A.T... houses and... will become...

reases keep coming in and along... the middle of October and... member there ought to be a deluge of... payments—as corporations get... to distribute as much in earnings... they possibly can, without endanger... financial standing. Incidentally... Shares, one of the open-end... investment trusts, paid a larger dividend... week in order to become a mutual... under the law and thereby vir... ally do away with its tax bill.

Motor shares became active, did a... le advertising on the ticker tape for... coming November show. When the... comes around, it will probably... vertise the stocks. This little merry... round always takes place in the fall... the year, when the shares have a... sional flurry. It is one of the peculiari... s of the American stock trader's... perament that he must celebrate a... sional event—just because it is... sional.

ndson in the Whirl

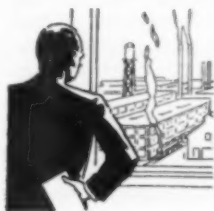
General Motors and Chrysler, as... al, dominated this market activity... Hudson joined the little game... earnings of this company before taxes... ounted to \$1.39 a share in the first... lf, versus 36¢ in the first six months... the year. In view of the heavy losses... 1929, when the Big Three —... rd, General Motors and Chrysler —... re lionizing sales, any earnings look... retty good, even before taxes.

The aircraft shares stepped out, with... Douglas as the leader. Rail equipments... h carloadings moving higher and an... uipment pinch in the offing, also were... demand.

Commodity markets were generally... m to strong. Wheat rose on heavy... ying. The September contract crossed... 1.16 handily. Reputed purchases by... ily and Japan of American wheat... ere offered in explanation. Foreign... n, trickling into this market at New

York and on the West Coast, sent spot... down sharply in Chicago. The move... ment of the new crop to consuming... centers also satisfied speculative buying... appetites. This is a seasonal develop... ment, however, and is nothing to get... very excited about, though there have... been reports that recent rains instilled... some life into abandoned crops. The... fact that futures held firm would seem... to indicate that regeneration is not likely... to be unduly large.

Cotton firmed up a bit after skidding... from 12½¢ to 11½¢, but no real follow... through was evident. Sugar was de... cidedly weak, but explanations tended... to be vague to the point of incoherence... The reason is that sugar is controlled... by Henry A. Wallace, Secretary of... Agriculture, who fixes quotas on im... ports and measures out the domestic... crop. Therefore, to really understand... what is going on in the sugar market, it... is necessary to understand what is



A Metal Fabricator

—increased his production over 200%

—saved \$5,700 in discounts

Regardless of the nature of your... business or how well it is financed... you may be able to obtain additional... profits through LAWRENCE SYSTEM.

This remarkable method makes... working capital available at excep... tionally low cost. It is used in... conjunction with your established bank... credit. It has full banking approval... and makes possible an... increase in borrowing... capacity of 200%-300%. Moreover, it does not

interrupt normal business routine.

It is now employed by manufact... urers, producers, and jobbers of... more than one hundred and fifty dif... ferent commodities.

Why not ask the nearest LAW... RENCE office to explain in detail how... this system may serve your business? You incur no obligation, of course.

Just address Department... D-6 of the nearest LAW... RENCE SYSTEM office... listed below.



CREATING COMMODITY PAPER AGAINST INVENTORY

A. T. GIBSON, President

NEW YORK: 52 Wall St. • CHICAGO: One North LaSalle St. • BUFFALO: Liberty Bank Building
SAN FRANCISCO, CALIF: 37 Drumm Street • LOS ANGELES, CALIF: W. P. Story Building
FRESNO, CALIF: 2030 Anna Street • DALLAS: Santa Fe Building • SPOKANE: 155 South Stevens
HOUSTON: 601 Shell Bldg. • PORTLAND, ORE: U. S. Natl. Bank Bldg. • BOSTON: 49 Federal St.
SEATTLE: 1014 Fourth Avenue South • HONOLULU, T. H: Dillingham Transportation Building



Corday & Gross Company Building, Cleveland

PRINTING HOUSE CUTS HEATING COST 30 P.C.

**Webster Moderator System Called
Excellent Investment in
Comfort and Economy**

IMPROVES WORKING CONDITIONS

Cleveland, O.—The cost of heating the offices and plant of the Corday & Gross Company, one of the leading printers of fine sales promotion literature in the middle west, was reduced approximately 30 per cent following completion of a Webster Heating Modernization Program in January, 1934. Steam savings have practically paid for the cost of modernization in less than three years.

Commenting on the modernized heating system, B. G. Nix, of the Corday & Gross Company, said:

"Since installation of the Webster Moderator System in January, 1934, the system has given complete satisfaction. It has effected an annual saving of approximately 30 per cent in heating cost. It has established uniform heat control with the resulting benefits of pleasant working temperatures in our large plant and offices.

"We consider our Webster System has been an excellent investment in economy, comfort and health."

The Corday & Gross Company had an accurate check on steam savings because the building is heated by metered steam from the street mains of the Cleveland Electric Illuminating Co. Although the new system was in operation for only five months of the 1933-34 season, steam savings for that period amounted to \$431.83. During 1934-35, after adjustments to assure maximum efficiency, steam savings totaled \$799.74. Even greater economy was reached during the 1935-36 season when the Webster Moderator System effected a saving of \$922.86 up to May 1, 1936.

The Corday & Gross Company Building has a total of 8,194 square feet of installed direct radiation. Installation of Webster System Equipment, including accurately sized metering orifices for balancing steam distribution and an Outdoor Thermostat for "Control-by-the-Weather," was made by the Smith & Oby Company, leading Cleveland modernization heating contractors.

If you are interested in heating new buildings, or in improved heating service and lower heating cost in your present building, address

WARREN WEBSTER & CO., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
Branches in 60 principal U. S. Cities—Estab. 1888



SEEING'S BELIEVING—And here you see an actual picture of an actual meeting held by the New York State Transit Commission on an actual plan for unification of the subway and elevated properties in New York City. In the \$436,000,000 deal, the city would buy the properties of the Brooklyn-Manhattan Transit Corp. and the Interborough Rapid Transit Co. The brief-reader is John J. Curtin, counsel to the Transit Commission. In the background, leaning over, under "The Bronx," is Samuel Untermyer, who represents Interborough and Manhattan Railway stockholders. The delicate hand, holding a cigarette, belongs to Samuel Seabury, who represents the city.

going on in Mr. Wallace's mind. Consumption and production statistics help to indicate what Mr. Wallace is likely to be thinking about sugar, but it is not the real thing.

Metals were again firm to strong. A reduction of 12,800 tons of lead on hand from July to August was a notable statistical event.

Richfield Emergent

**End of receivership in sight;
Sinclair, Doherty to dominate
new company.**

AFTER five and one-half years, Richfield Oil Co. of California seems destined to emerge from receivership. Assents to a carefully worked out plan of reorganization this week amounted to more than 66 2/3% of claims.

New York, Chicago and California banks, representing a substantial portion of the unsecured creditors, as well as a majority of bondholders, have approved the proposed set-up.

The new company is expected to retain the name "Richfield" in its title, so as to capitalize on good will long built up. Dominant in the enterprise will be Cities Service Co. and Consolidated Oil Corp., each of which has a 50% interest in Rio Grande Oil Co., a major creditor. Properties of Richfield, Pan American Petroleum Co., a subsidiary, and Rio Grande Oil will go into the company.

Through Rio Grande Oil, Consolidated and Cities Service have agreed to

underwrite a \$10,000,000 issue of convertible debentures. A stock offering of \$10,000,000, comprising 1,000,000 shares, is contemplated. Of that amount \$5,500,000 has been underwritten by Kuhn, Loeb & Co., Consolidated Cities Service, Petroleum Corp. of America, Atlas Corp. and Blyth & Co.

Richfield is one of the few major companies which bit the dust during the depression. It bogged down under heavy debt, incurred in too rapid expansion. Harry F. Sinclair, in May, 1935, gobbled up for Consolidated the New York division of the company business, and later with Henry J. Doherty, of Cities Service, managed to come into the West Coast picture (B—Apr 4 '36, p. 25).

Third Marketer on Coast

Standard Oil of California was angling for the properties, but the Doherty-Sinclair alliance (after the New York properties went to Sinclair) prevailed. The new and enlarged corporation should capture about 10% of California's gasoline sales and become the third largest Coast distributor.

Refining capacity will not be large, however; nor will crude supplies. What means that the Richfield combination will be buyers of both crude and refined products—presumably from Consolidated and Cities Service, which will have directors on the proposed board.

Capitalization of the reorganized enterprise will be fairly simple, with \$10,000,000 of the 4% debentures, and a maximum of 3,560,000 common shares.

Editorially Speaking—

take pleasure in applauding the noble expression of independence by the part of residents of Deer Isle, a little island community in Penobscot Bay, Maine which went Republican at the election of its senator. Not very long ago they enthusiastically acclaimed a \$100,000 grant by the federal government for bridge construction. There may be no gratitude in politics but it is encouraging to know that there is honesty.

In the speech of Sen. Alben W. Barkley as temporary chairman of the Democratic National Convention: one of those whom we rescued from drowning now complain because in lifting them out of the waters we pulled out their hair.

From Norman Thomas' book, "After the New Deal, What?"—which was published Aug. 25 but is largely a reprint of earlier articles and speeches: "No sooner had he [President Roosevelt] pulled the boys in so that they could put their feet, at least temporarily, in the sand, and cough a little water out of their lungs, than they began to use him for pulling their hair."

Mr. Thomas' footnote to the above passage: "The Democratic keynoter, Senator Barkley, borrowed this general line from me without credit!"

NEWSPAPERDOM has been furnished a better attention-getting headline than the hackneyed "Man Bites Dog." To be sure it was nothing more tangible than the application of a damp finger to a light switch which helped Sally Rand turn the tables. The headline read "Sally Rand Is Shocked."

Dr. Ross G. HARRISON of Yale has shown that he can change the shapes of salamanders by operating on them when they are in the embryonic stage. A certain tiny part of the embryo always becomes the ear; and by operating on that part under the microscope, Dr. Harrison has made the ear larger or smaller, has turned it around, and has even transplanted the right ear and the left.

Probably no parents will ever want to have a child's ears transplanted in the embryo, but there might be some persuasive reason for modifying the shape, and so perhaps about the year 2,000 the salamander technique will be applied to human embryos, and Dr. Harrison will be honored as the world's first pre-natal plastic surgeon.

One of our editors plans to change his habitat Oct. 1. His new home will have lots and lots of wall space and he is to be permitted one whole wall for a spacious cabinet he has been designing for years to house his "junk." With

much enthusiasm he called a cabinet maker who had been recommended.

"Can you be at my home at about 6 o'clock some evening?" our editor in-
nocently asked.

"No sir, I make a 5:30 train."
"You couldn't arrange to take a later train some evening, could you?"

The thought of working overtime was not even to be considered.

The suggestion that he spend a few minutes after one o'clock on Saturday was rebuffed by the statement that he always made a 12:30 train on that day.

So "I'm afraid we can't get together," said the cabinetmaker without the slightest indication of regret.

The cabinetmaker continues to lead his routinized existence while our editor sits at his desk in a petrified state of wonderment.

MOST alumni know what they think about football coaches, but all coaches know what they think about all alumni. They have a pet name for the breed. They call them hungry wolves.

The annual pre-season coaching school for high school coaches was held recently, and as usual was addressed by a faculty of well-known college coaches. And Ad Lindsay, formerly coach at Oklahoma University and now at Kansas, made a sage suggestion about the hungry wolves: "For the social security of coaches and athletic directors of the United States, I propose to institute a system under which the alumni of all colleges will be rotated."

INCIDENTALLY, one coach complained of the loss of his entire backfield. They weren't swiped by another college. They transferred to PWA.

SOYBEANS are said to be good to eat, and Sec. Wallace's experience with them is offered as proof. When he was in college he experimented for six weeks with a diet of soybeans and cornmeal, nothing else, and came out of it as good as new. Our own preference, if we had to make a choice, would be for Stefansson's diet. In the Arctic he lived for years on meat and fish, and later he did the same thing in the United States for a year in order to prove it was a good diet. And once in the French Quarter of New Orleans we met an artist's model who said she had been living for eight months on nothing but oysters.

"We make too many sudden moves," said the president of a company at a board meeting last week. "We get bright ideas but we act on them impulsively, without clearing away the difficulties. I think we'll have to elect a Vice-President in Charge of Looking Ahead."



STRAWS IN THE WIND

AN engineer, mapping Death Valley, finds a kind of print that resists the fading action of the fiercest sun . . . a manufacturer learns how to make substantial savings by eliminating the expense of ink tracing . . . a chief draftsman discovers a machine that cuts drafting time 25% to 40% . . . an engineering record department at last obtains a vellum tracing paper that will not discolor nor grow brittle with age . . . a purchasing agent finds a single source for every engineering need.

What do those things mean? They are straws that show which way the winds of progress are blowing . . . significant indicators of an increasing trend towards the products and processes of one company.

That Company is the Charles Bruning Company, Inc.—leader in the fields of sensitized papers, reproduction processes, drawing material and drafting room equipment. Established in 1897, Bruning has introduced and sponsored more improvements than any other company of its kind.

Today, in the complete Bruning line, there are products and processes that can make YOUR work easier and more profitable. Bruning representatives and dealers cover the country from coast to coast. You will find it worth while to consult with them.

BRUNING SINCE 1897

A nation-wide service in sensitized paper, reproduction processes, drawing materials, drafting room equipment.

THIS COUPON WILL
BRING YOU VALUABLE INFORMATION

CHARLES BRUNING COMPANY, Inc.
102 Reade St., New York, N. Y.

I want to know more about the following Bruning products and processes. Please send me information, without obligation.

- ☐ Bruning Black and White Direct Printing Process
- ☐ Bruning Drafting Machines
- ☐ Drafting Furniture
- ☐ MatSurf Pencil Cloth
- ☐ Vellux Tracing Paper
- ☐ Bruning Drawing Papers
- ☐ Bruning Drawing Instruments

Name _____
Address _____ 706

NEW YORK • CHICAGO • DETROIT • SAN FRANCISCO
BOSTON • ST. LOUIS • PITTSBURGH • KANSAS CITY
LOS ANGELES • NEWARK • MILWAUKEE • HOUSTON

SEPTEMBER 26, 1936

Let's Look at Tomorrow

Both politicians and businessmen are demonstrating an amazing faculty for silly reasoning in these days of economic and political contention. Colonel Knox gives one demonstration when he says that banks and insurance companies are worse off than they were in 1933. A lot of businessmen are providing another when they conclude that the outcome of the election is unimportant because business undoubtedly will continue to expand for a year or two.

What Colonel Knox was trying to say is undoubtedly true. But he should have known that, by pure arithmetic, insurance companies are in excellent position and that our banks, bulging with reserves, are stronger statistically than they ever were before. He made the common error, however, of confusing present conditions with potential developments. The thing for businessmen and statesmen, if not politicians, to have in mind is not so much the merit of existing conditions but what current conditions and policies portend for the future.

Colonel Knox should have said that our banks and insurance companies are no sounder than the government itself. They are loaded with billions of government securities that are being used in the manufacture of credit to finance deficits. The financing of deficits through bank credit is in itself inflation and the depreciation of federal credit towards which the government is proceeding headlong must, if continued, result in the vitiation of banking assets in much the same measure that it depreciates government credit.

Furthermore, the banks hold some 17 billion dollars of government I.O.U.'s and are being forced to increase them daily. Under government auspices a huge guarantee fund has been collected to protect bank deposits. This fund is invested almost exclusively in government securities. The principal need for the guarantee fund at this time is to protect the banks against what will certainly happen to their assets when government credit is weakened and government bond prices decline. It is like feeding rat poison as an antidote to one who has swallowed rat poison.

The same loose thinking and the same confusion of current conditions with inevitabilities are evidenced by many businessmen who probably are making an honest effort to meet prob-

lems arising from the impact of politics on business. They have convinced themselves that business is relatively good and that its upward surge will continue for another year or two regardless of the outcome of election. In that they are probably right. But from that point they reach the amazing conclusion that it doesn't make much difference how the next Congress is constituted or what philosophy directs the acts of government during the next four years.

The vital question before the American public today is not the current condition of banks and insurance companies or the volume and activity of business but rather what may be the state of credit and the condition of business four years hence.

A Real Plan For Training Leaders

One of the deplorable effects of the depression and the eleemosynary cures that have been applied to it is the dearth of job competence in this country. There is no agreement as to how many of our people are honestly and unavoidably out of work but we can agree that there is fast developing an alarming lack of competent people to do the essential work of recovery.

But the greatest and most important shortage of human skill in business is to be found in executive ranks. The panic by its ruthless adjustments did one great public service by eliminating incompetent, worn-out, and dishonest executives from industry. But it did nothing to replace them. The old theory of letting the devil take the hindmost in business leaves alarmingly few young executives ready to replace the casualties of the depression, direct the expansion of the current era and meet the added responsibilities imposed by new social concepts.

Edward R. Stettinius, Jr., chairman of the United States Steel Corporation's Finance Committee, was ac-

corded a place on the program of the Harvard Tercentenary to report on this problem. His address should be read by the executives of every corporation of America. He presents a specific plan for a scientific approach to the problem of finding embryonic executives and guiding them to leadership. That plan may not be exactly applicable to any corporation but its purpose and broad procedure is an essential need of all business.

Business might well remember that a lack of leadership permitted most of the follies of pre-depression days to be committed and allowed demagogues and destructive movements to thrive.

Tax Law, Like Tax Load, Needs Interpretation

Observing the growing and effective use by merchants and politicians of posters and price tags showing how much of the retail price in an article is accounted for by taxes and remarking that a political campaign is in progress, Attorney-General Cummings issued a pronouncement the other day. It warned merchants directly and politicians inferentially to beware lest they run afoul of a federal statute which may force a kindly government to impose a fine of \$1000 or incarceration for one year. He expressed the pious hope that his department would not suffer the embarrassing experience of being drawn into a partisan controversy over the matter.

The ambiguity of the law is admitted by the Attorney-General. It is in two clauses. The first makes it a crime to write or say anything intended to lead any person to believe that any part of the price of an article consists of a federal tax. The second clause makes it a crime to ascribe a particular part of such price to a federal tax "knowing that such statement is false." The second clause is clear. Whether knowledge of falsity is necessary to constitute a crime under the first clause is uncertain.

Mr. Cummings refuses to interpret the law in this respect, as does the Bureau of Internal Revenue to whom he referred the question. Both probably know or ought to know whether they will undertake prosecution in one case or the other. Maybe it isn't cricket to talk about such things during a campaign.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York. Tel. ME 6allion 3-0700. Price 20c. Subscription: \$5.00 a year, \$10 for three years. U. S. A., possessions, and Canada. Other foreign, \$7.50. Cable Code, McGraw-Hill.

Glenn Griswold
Vice-President and Editor

Ralph B. Smith
Managing Editor

Paul Montgomery
Manager

Marketing, O. Fred. Rost
Foreign, J. F. Chapman
Industry, Earl Whitehorn
Management and Labor, Frank Rising

Economics, J. A. Livingston
Transportation, Irvin Foos

News Editor, Louis H. Engel
Finance, Clark R. Post
Statistics, R. I. Carline
Washington, Paul Wootton, Carter

CT 3
9 3 6

BU

BUSINESS INDICATOR



ogram of the
to report
ess should
of every
le presents
ific appro
g embryon
em to lead
or be exact
ration but
cedure is
ness.

x Load,
on

and effective
politicians
howing how
in an article
and remarks
ampaign is
al Cummings
he other day
ctly and pol
ware lest the
tatute which
overnment
or incarceration
expressed the
tment would
g experience
partisan con-

law is ad
General. It
first makes
anything in
n to believe
of an article
The second
to ascribe
ice to a fed
ch statement
use is clear
alsity is ne
ne under the

to interpret
as does the
ue to whom
Both prob-
ow whether
ution in one
ybe it isn't
things dur-

St., New York
or three years
de, McGrawhill

l. Montgomery
Manager

ouis H. Eng
Clark R. Pat
R. I. Carlan
Carter Field

ARING
res, bri
ation p

NESS WEEK